STATE OF OREGON

COUNTY OF MARION PERMIT TO APPROPRIATE THE PUBLIC WATERS

PERMIT IS HEREBY ISSUED TO

NORMAN REILING NORMAN REILING TRUST; ITHA REILING TRUST 10773 FELLER RD NE HUBBARD, OREGON 97032

(503)678-5591

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: G-15294

SOURCE OF WATER: FOUR WELLS IN SENECAL CREEK BASIN

PURPOSE OR USE: NURSERY OPERATIONS ON 381.0 ACRES

MAXIMUM RATE: 5.35 CUBIC FEET PER SECOND

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: JANUARY 18, 2001

POINT OF DIVERSION LOCATION: NE 1/4 NW 1/4, SECTION 20, SE 1/4 NE 1/4, SECTION 19, NW 1/4 SE 1/4, SW 1/4 SW 1/4, SECTION 17, T4S, R1W, W.M; WELL 1 - 900 FEET NORTH & 3150 FEET WEST, WELL 2 - 370 FEET NORTH & 5620 FEET WEST, BOTH FROM SE CORNER, DLC 62, WELL 3 - 1610 FEET NORTH & 1720 FEET WEST, WELL 4 - 75 FEET NORTH & 3965 FEET WEST BOTH FROM SE CORNER, SECTION 17

The amount of water used for NURSERY OPERATIONS is limited to a diversion of 0.15 cubic foot per second per acre. For the irrigation of containerized nursery plants, the amount of water diverted is limited to ONE-FORTIETH of one cubic foot per second (or its equivalent) and 5.0 acre feet per acre per year. For the irrigation of in ground nursery plants the amount of water diverted is limited to ONE-EIGHTIETH of one cubic foot per second (or its equivalent) and 2.5 acre feet per acre per year. The use of water for NURSERY OPERATIONS may be made at anytime, during the period of allowed use specified above, that the use is beneficial. For the irrigation of any other crop, the amount of water diverted is limited to ONE-EIGHTIETH of one cubic foot per second (or its equivalent) and 2.5 acre feet per acre during the irrigation season of each year.

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THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW 1/4 SW 1/4 0.4 ACRES AS PROJECTED WITHIN CONE DLC 62

SE 1/4 SW 1/4 5.9 ACRES AS PROJECTED WITHIN CONE DLC 62

NE 1/4 SE 1/4 0.1 ACRES AS PROJECTED WITHIN CONE DLC 62

NW 1/4 SE 1/4 11.5 ACRES AS PROJECTED WITHIN CONE DLC 62

SW 1/4 SE 1/4 34.7 ACRES AS PROJECTED WITHIN CONE DLC 62
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NE 1/4 NE 1/4 1.3 ACRES AS PROJECTED WITHIN WHITNEY DLC 48 SE 1/4 NE 1/4 20.1 ACRES AS PROJECTED WITHIN WHITNEY DLC 48 NE 1/4 SE 1/4 16.9 ACRES AS PROJECTED WITHIN WHITNEY DLC 48

SECTION 17

NW 1/4 SE 1/4 0.1 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
SECTION 19

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NW 1/4 NE 1/4 23.5 ACRES AS PROJECTED WITHIN CONE DLC 62
SW 1/4 NE 1/4 2.0 ACRES AS PROJECTED WITHIN CONE DLC 62
SW 1/4 NE 1/4 32.1 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
SE 1/4 NE 1/4 3.9 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
NE 1/4 NW 1/4 36.1 ACRES AS PROJECTED WITHIN CONE DLC 62
NE 1/4 NW 1/4 3.6 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
NW 1/4 NW 1/4 6.2 ACRES AS PROJECTED WITHIN CONE DLC 62
NW 1/4 NW 1/4 14.5 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
SW 1/4 NW 1/4 38.7 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
SE 1/4 NW 1/4 0.2 ACRES AS PROJECTED WITHIN CONE DLC 62
SE 1/4 NW 1/4 36.9 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
NE 1/4 SW 1/4 37.1 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
NW 1/4 SW 1/4 28.3 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
SE 1/4 SW 1/4 0.7 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
NW 1/4 SE 1/4 25.4 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
SW 1/4 SE 1/4 0.8 ACRES AS PROJECTED WITHIN WHITNEY DLC 48
                      SECTION 20
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TOWNSHIP 4 SOUTH, RANGE 1 WEST, W.M.

Measurement, recording and reporting conditions:

A. Before water use may begin under this permit, the permittee shall install a meter or other suitable measuring device as approved by the Director. The permittee shall maintain the meter or measuring device in good working order, shall keep a complete record of the amount of water used each month and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the permittee to report general water use information, including the place and nature of use of water under the permit.

B. The permittee shall allow the watermaster access to the meter or measuring device; provided however, where the meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.

The water user shall develop a plan to monitor and report the impact of water use under this permit on water levels within the aquifer that provides water to the permitted well(s). The plan shall be submitted to the Department within one year of the date the permit is issued and shall be subject to the approval of the Department. At a minimum, the plan shall include a program to periodically measure static water levels within the permitted well(s) or an adequate substitute such as water levels in nearby wells. The plan shall also stipulate a reference water level against which any water-level declines will be If a well listed on this permit (or replacement well) displays a total static water-level decline of 25 or more feet over any period of years, as compared to the reference level, then the water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s). Such action shall be taken until the water level recovers to above the 25-foot decline level or until the Department determines, based on the water user's and/or the Department's data and analysis, that no action is necessary because the aguifer in question can sustain the observed declines without adversely impacting the resource or senior water rights. user shall in no instance allow excessive decline, as defined in Commission rules, to occur within the aquifer as a result of use under this permit.

If substantial interference with a senior water right occurs due to withdrawal of water from any well listed on this permit, then use of water from the well(s) shall be discontinued or reduced and/or the schedule of withdrawal shall be regulated until or unless the Department approves or implements an alternative administrative action to mitigate the interference. The Department encourages junior and senior appropriators to jointly develop plans to mitigate interferences.

Wells #3 and #4 shall be continuously cased and continuously sealed to a minimum depth of 100 feet below land surface. The wells cannot be completed in such manner that it allows ground water to be developed from the underlying basalt aquifer. If during well construction, it becomes apparent that either Well #3 or Well #4 can be constructed to eliminate hydraulic connection with surface water in a manner other than specified in the permit, the permittee can contact Department Hydrogeologist Marc Norton or the Ground Water/Hydrogeology Section Manager to request a modification of the permit condition. The

permittee shall submit, in writing, a rough well log and a proposed construction design for approval by the Department. The well construction condition can only be modified if the request is received and reviewed prior to placement of any permanent casing or sealing material. Modification of the casing and seal requirement for one well does not include the second well. If either well is constructed first and then the request made, it shall not be granted. The new well depth/construction specifications that were approved will be incorporated into the permit and any certificate issued for Application #G-15294.

STANDARD CONDITIONS

The wells shall be constructed in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevation in the well at all times.

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

Prior to receiving a certificate of water right, the permit holder shall submit the results of a pump test meeting the department's standards, to the Water Resources Department. The Director may require water level or pump test results every ten years thereafter.

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water shall be limited when it interferes with any prior surface or ground water rights.

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

Complete application of the water to the use shall be made on or before October 1, 2006. Within one year after complete application of water to the proposed use, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner (CWRE).

Issued November 13, 2001

Paul R. Cleary, Director Water Resources Department

NOTE: Pursuant to ORS 537.330, in any transaction for the conveyance of real estate that includes any portion of the lands described in this permit, the seller of the real estate shall, upon accepting an offer to purchase that real estate, also inform the purchaser in writing whether any permit, transfer approval order, or certificate evidencing the water right is available and that the seller will deliver any permit, transfer approval order or certificate to the purchaser at closing, if the permit, transfer approval order or certificate is available.