

STATE OF OREGON

COUNTY OF HARNEY

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

DENNY LAND AND CATTLE CO. LLC
500 BOYLSTON ST., SUITE 1880
BOSTON, MA 2116

PHONE: (541) 493-2516

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

APPLICATION FILE NUMBER: G-14901

SOURCE OF WATER: A WELL IN THE SILVER CREEK BASIN

PURPOSE OR USE: IRRIGATION OF 278.3 ACRES

MAXIMUM RATE: 3.48 CUBIC FEET PER SECOND

PERIOD OF USE: MARCH 1 THROUGH OCTOBER 31

DATE OF PRIORITY: JANUARY 8, 1999

POINT OF DIVERSION LOCATION: NE 1/4 NW 1/4, SECTION 11, T24S, R27E,
W.M.; 343 FEET SOUTH AND 1860 FEET EAST FROM NW CORNER, SECTION 11

The amount of water used for irrigation under this right, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-EIGHTIETH of one cubic foot per second (or its equivalent) and 3.0 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW 1/4 NE 1/4 0.1 ACRES
SE 1/4 NE 1/4 22.6 ACRES
NE 1/4 SE 1/4 40.0 ACRES
NW 1/4 SE 1/4 6.0 ACRES
SW 1/4 SE 1/4 0.8 ACRES
SE 1/4 SE 1/4 32.0 ACRES
SECTION 10
SW 1/4 NW 1/4 34.0 ACRES
SE 1/4 NW 1/4 10.1 ACRES

Application G-14901 Water Resources Department

PERMIT G-15032

NE 1/4 SW 1/4 31.6 ACRES
 NW 1/4 SW 1/4 40.0 ACRES
 SW 1/4 SW 1/4 39.8 ACRES
 SE 1/4 SW 1/4 19.0 ACRES

SECTION 11

NW 1/4 NW 1/4 2.1 ACRES

SECTION 14

NE 1/4 NE 1/4 0.2 ACRES

SECTION 15

TOWNSHIP 24 SOUTH, RANGE 27 EAST, 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.

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.

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.

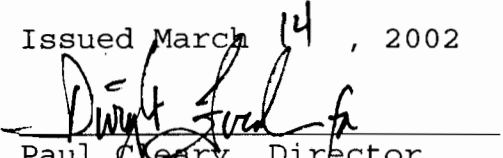
The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

This permit is issued to correctly describe the number of acres to be irrigated in the SE 1/4 SE 1/4 Section 10, Township 24 South, Range 27 East, W.M. The original permit listed 2.0 ACRES. This superceding permit lists 32.0 ACRES. Permit G-13886, dated March 22, 2001 is superceded by this instrument and is of no further force or effect.

SEE NEXT PAGE

Actual construction of the well shall begin by February 22, 2001. Complete application of the water to the use shall be made on or before October 1, 2004. 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 March 14, 2002


Paul 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.

Application G-14901
Basin 12

Water Resources Department
Volume 1A SILVER CR
MGMT.CODE 7BG 7BR

PERMIT G-15032
District 10