

STATE OF OREGON

COUNTY OF UMATILLA

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

SEVEN HILLS PROPERTIES LLC
1244 FORREST LANE
WALLA WALLA, WA 99362

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

APPLICATION FILE NUMBER: G-16322

SOURCE OF WATER: WELL 3A, WELL 3B, WELL 4A, WELL 4B, WELL 5A, WELL 5B,
WELL 5C, AND WELL UMAT 50516 IN DRY CREEK BASIN

PURPOSE OR USE: PRIMARY IRRIGATION USE ON 1151.8 ACRES
SUPPLEMENTAL IRRIGATION USE ON 376.2 ACRES

MAXIMUM RATE: 16.82 CUBIC FEET PER SECOND

PERIOD OF USE: PRIMARY IRRIGATION FROM MARCH 1 THROUGH OCTOBER 31
SUPPLEMENTAL IRRIGATION FROM APRIL 1 TO OCTOBER 1

DATE OF PRIORITY: OCTOBER 8, 2004

WELL LOCATIONS:

WELL 3A - SW 1/4 SE 1/4 SECTION 3, T 5 N, R 35 E, W.M.; 2900 FEET EAST
& 1225 FEET NORTH FROM SW CORNER, SECTION 3

WELL 3B - NW 1/4 NE 1/4 SECTION 10, T 5 N, R 35 E, W.M.; 666 FEET SOUTH
& 1761 FEET WEST FROM NE CORNER, SECTION 10

WELL 4A - NE 1/4 SW 1/4 SECTION 4, T 5 N, R 35 E, W.M.; 2960 FEET
SOUTH & 3140 FEET WEST FROM NE CORNER, SECTION 4

WELL 4B - NE 1/4 NE 1/4 SECTION 9, T 5 N, R 35 E, W.M.; 800 FEET WEST
& 380 FEET SOUTH FROM NE CORNER, SECTION 9

WELL 5A - SW 1/4 NE 1/4 SECTION 5, T 5 N, R 35 E, W.M.; 61 FEET NORTH &
1292 FEET EAST FROM C1/4 CORNER, SECTION 5

WELL 5B - SE 1/4 NE 1/4 SECTION 5, T 5 N, R 35 E, W.M.; 1090 FEET WEST
& 1615 FEET SOUTH FROM NE CORNER, SECTION 5

WELL 5C - SE 1/4 SW 1/4 SECTION 32, T 6 N, R 35 E, W.M.; 612 FEET NORTH
& 1985 FEET EAST FROM SW CORNER, SECTION 32

WELL UMAT 50516 - NE $\frac{1}{4}$ NW $\frac{1}{4}$ SECTION 4, T 5 N, R 35 E, W.M.; 335 FEET SOUTH & 1516 FEET EAST FROM NW CORNER, SECTION 4

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 and 3.0 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

| <u>Primary</u> | <u>Supplemental</u> |
|--|---------------------|
| NE $\frac{1}{4}$ SE $\frac{1}{4}$ 5.0 ACRES | 35.0 ACRES |
| SE $\frac{1}{4}$ SE $\frac{1}{4}$ 4.0 ACRES | 36.0 ACRES |
| SECTION 31 | |
| SW $\frac{1}{4}$ SW $\frac{1}{4}$ 4.0 ACRES | 36.0 ACRES |
| SE $\frac{1}{4}$ SW $\frac{1}{4}$ 10.3 ACRES | 29.7 ACRES |
| SECTION 32 | |
| TOWNSHIP 6 NORTH, RANGE 35 EAST, W.M. | |
| NE $\frac{1}{4}$ SW $\frac{1}{4}$ 40.0 ACRES | |
| SE $\frac{1}{4}$ SW $\frac{1}{4}$ 40.0 ACRES | |
| NW $\frac{1}{4}$ SE $\frac{1}{4}$ 40.0 ACRES | |
| SW $\frac{1}{4}$ SE $\frac{1}{4}$ 40.0 ACRES | |
| SECTION 3 | |
| SW $\frac{1}{4}$ NW $\frac{1}{4}$ 24.8 ACRES | 2.5 ACRES |
| NE $\frac{1}{4}$ SW $\frac{1}{4}$ 25.7 ACRES | |
| NW $\frac{1}{4}$ SW $\frac{1}{4}$ 20.8 ACRES | 8.8 ACRES |
| SW $\frac{1}{4}$ SW $\frac{1}{4}$ 21.3 ACRES | |
| SE $\frac{1}{4}$ SW $\frac{1}{4}$ 12.7 ACRES | |
| NE $\frac{1}{4}$ SE $\frac{1}{4}$ 30.0 ACRES | |
| NW $\frac{1}{4}$ SE $\frac{1}{4}$ 30.0 ACRES | |
| SW $\frac{1}{4}$ SE $\frac{1}{4}$ 40.0 ACRES | |
| SE $\frac{1}{4}$ SE $\frac{1}{4}$ 40.0 ACRES | |
| SECTION 4 | |
| TOWNSHIP 5 NORTH, RANGE 35 EAST, W.M. | |

Place of Use:

| <u>Primary</u> | <u>Supplemental</u> |
|--|---------------------|
| NE $\frac{1}{4}$ NE $\frac{1}{4}$ | 16.5 ACRES |
| NW $\frac{1}{4}$ NE $\frac{1}{4}$ 1.7 ACRES | 38.3 ACRES |
| SW $\frac{1}{4}$ NE $\frac{1}{4}$ 36.7 ACRES | 3.3 ACRES |
| SE $\frac{1}{4}$ NE $\frac{1}{4}$ | 25.3 ACRES |
| NE $\frac{1}{4}$ NW $\frac{1}{4}$ 2.8 ACRES | 37.2 ACRES |
| NW $\frac{1}{4}$ NW $\frac{1}{4}$ 0.5 ACRE | 35.3 ACRES |
| SW $\frac{1}{4}$ NW $\frac{1}{4}$ | 35.8 ACRES |
| SE $\frac{1}{4}$ NW $\frac{1}{4}$ 3.5 ACRES | 36.5 ACRES |
| NE $\frac{1}{4}$ SW $\frac{1}{4}$ 40.0 ACRES | |
| NW $\frac{1}{4}$ SW $\frac{1}{4}$ 35.8 ACRES | |

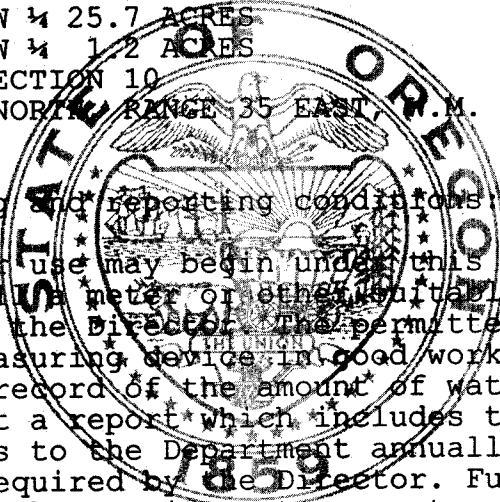
SW ¼ SW ¼ 35.8 ACRES
 SE ¼ SW ¼ 40.0 ACRES
 NE ¼ SE ¼ 40.0 ACRES
 NW ¼ SE ¼ 40.0 ACRES
 SW ¼ SE ¼ 40.0 ACRES
 SE ¼ SE ¼ 40.0 ACRES
 SECTION 5

NE ¼ NE ¼ 40.0 ACRES
 NW ¼ NE ¼ 40.0 ACRES
 SW ¼ NE ¼ 20.0 ACRES
 SE ¼ NE ¼ 25.4 ACRES
 NE ¼ NW ¼ 30.0 ACRES
 SE ¼ NW ¼ 20.4 ACRES
 SECTION 8

NE ¼ NE ¼ 40.0 ACRES
 NW ¼ NE ¼ 33.5 ACRES
 SE ¼ NE ¼ 40.0 ACRES
 NE ¼ NW ¼ 0.7 ACRE
 NW ¼ NW ¼ 8.4 ACRES
 SECTION 9

NW ¼ NE ¼ 25.0 ACRES
 SW ¼ NE ¼ 15.8 ACRES
 NE ¼ NW ¼ 0.3 ACRE
 NW ¼ NW ¼ 25.7 ACRES
 SW ¼ NW ¼ 1.2 ACRES
 SECTION 10

TOWNSHIP 5 NORTH RANGE 35 EAST



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.

To monitor the effect of water use from the well(s) authorized under this permit, the Department requires the water user to make and report

annual static water level measurements. The static water level shall be measured in the month of March. Reports shall be submitted to the Department within 30 days of measurement.

Measurements must be made according to the following schedule:

Before Use of Water Takes Place

Initial and Annual Measurements

The Department requires the permittee to submit an initial water level measurement in the month specified above once well construction is complete and annually thereafter until use of water begins; and

After Use of Water has Begun

Seven Consecutive Annual Measurements

Following the first year of water use, the user shall submit seven consecutive annual reports of static water level measurements. The first of these seven annual measurements will establish the reference level against which future annual measurements will be compared. Based on an analysis of the data collected, the Director may require that the user obtain and report additional annual static water level measurements beyond the seven year minimum reporting period. The additional measurements may be required in a different month. If the measurement requirement is stopped, the Director may restart it at any time.

All measurements shall be made by a certified water rights examiner, registered professional geologist, registered professional engineer, licensed well constructor or pump installer licensed by the Construction Contractors Board and be submitted to the Department on forms provided by the Department. The Department requires the individual performing the measurement to:

- (A) Identify each well with its associated measurement; and
- (B) Measure and report water levels to the nearest tenth of a foot as depth-to-water below ground surface; and
- (C) Specify the method used to obtain each well measurement; and
- (D) Certify the accuracy of all measurements and calculations submitted to the Department.

The water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s) if annual water level measurements reveal any of the following events:

- (A) An average water level decline of three or more feet per year for five consecutive years; or
- (B) A water level decline of 15 or more feet in fewer than five consecutive years; or
- (C) A water level decline of 25 or more feet; or
- (D) Hydraulic interference leading to a decline of 25 or more feet in any neighboring well with senior priority.

The period of non or restricted use shall continue until the annual water level rises above the decline level which triggered the action

or until the Department determines, based on the permittee's and/or the Department's data and analysis, that no action is necessary because the aquifer in question can sustain the observed declines without adversely impacting the resource or senior water rights. The water 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 more than one well is involved, the water user may submit an alternative measurement and reporting plan for review and approval by the Department.

The use described herein may be considered primary irrigation at the time of perfection of the appropriation, provided the underlying water right has been canceled, diminished, or transferred to other lands, and if the water has been beneficially used as the primary source for the use as described in this permit. Issuance of this permit does not confirm the validity of any underlying right or claim.

STANDARD CONDITIONS

If the number, location, source, or construction of any well deviates from that proposed in the permit application or required by permit conditions, this permit may not be valid.

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.

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.

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to such agreement.

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.

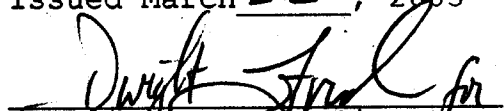
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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

Complete application of the water to the use shall be made on or before October 1, 2009. If the water is not completely applied before this date, and the permittee wishes to continue development under the permit, the permittee must submit an application for extension of time, which may be approved based upon the merit of the application.

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 22, 2005


Phillip C. Ward, Director
Water Resources Department

ASSIGNMENT OF PERMIT: Pursuant to ORS 537.220, this permit may be assigned to a party other than the permittee named hereon, if the land the permit is associated with changes ownership, or if the permittee is an organization whose name changes as a result of sale or merger. Request for Assignment forms are available from the Oregon Water Resources Department web site at <http://www.wrd.state.or.us/>, or may be requested from the Department at 503-986-0801 or Water Right Application Section, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1271.

MAILING ADDRESS CHANGES: If the mailing address of the permittee named hereon changes, it is important that the Oregon Water Resources Department be informed of the change. Address changes must be submitted in writing with the permittee's signature to Water Right Application Section, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1271.

REAL ESTATE TRANSACTIONS: 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.

CULTURAL RESOURCES PROTECTION LAWS: Water users involved in ground-disturbing activities should be aware of federal and state cultural resources protection laws. ORS 358.920 prohibits the excavation, injury, destruction or alteration of an archeological site or object, or removal of archeological objects from public and private lands without an archeological permit issued by the State Historic Preservation Office. 16 USC 470, Section 106, National Historic Preservation Act of 1966 requires a federal agency, prior to any undertaking to take into account the effect of the undertaking that is included on or eligible for inclusion in the National Register. For further information, contact the State Historic Preservation Office at 503-378-4168, extension 232.

