

STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

CARLTON HILLS VINEYARD LLC
5 FINANCIAL PLAZA SUITE 102
NAPA, CA 94558

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

APPLICATION FILE NUMBER: G-16243

SOURCE OF WATER: WELLS 1, 3, 4, 6, 7, AND 8 IN PANTHER CREEK BASIN

PURPOSE OR USE: COMMERCIAL USE, AGRICULTURE USE, AND SUPPLEMENTAL IRRIGATION USE ON 271.0 ACRES

MAXIMUM RATE: 0.029 CUBIC FOOT PER SECOND

PERIOD OF USE: YEAR ROUND FOR COMMERCIAL USE AND AGRICULTURE USE; MARCH 1 THROUGH OCTOBER 31 FOR IRRIGATION USE

DATE OF PRIORITY: MAY 5, 2004

WELL LOCATIONS:

- WELL 1 (L73528): SESW SECTION 24, T3S, R5W, W.M.; 1130 FEET NORTH & 1414 FEET EAST FROM THE SW CORNER OF SECTION 24
- WELL 3 (L73530): NENW SECTION 24, T3S, R5W, W.M.; 1188 FEET SOUTH & 1816 FEET EAST FROM THE NW CORNER OF SECTION 24
- WELL 4 (L73531): NESW SECTION 24, T3S, R5W, W.M.; 1860 FEET NORTH & 1390 FEET EAST FROM THE SW CORNER OF SECTION 24
- WELL 6 (L73533): SWNW SECTION 24, T3S, R5W, W.M.; 1910 SOUTH & 497 EAST FROM THE NW CORNER OF SECTION 24
- WELL 7 (PROPOSED): SESE SECTION 14, T3S, R5W, W.M.; 828 FEET NORTH & 323 FEET WEST FROM THE SE CORNER OF SECTION 14

WELL 8 (PROPOSED): SESW SECTION 13, T3S, R5W, W.M.; 1000 FEET NORTH & 1933 FEET EAST FROM THE SW CORNER OF SECTION 13

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

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW $\frac{1}{4}$ SW $\frac{1}{4}$ 37.0 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SE $\frac{1}{4}$ SW $\frac{1}{4}$ 24.2 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SW $\frac{1}{4}$ SE $\frac{1}{4}$ 5.0 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SECTION 13

SE $\frac{1}{4}$ SE $\frac{1}{4}$ 26.5 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SECTION 14

NE $\frac{1}{4}$ NE $\frac{1}{4}$ 13.1 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SECTION 23

SW $\frac{1}{4}$ NE $\frac{1}{4}$ 4.7 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 NE $\frac{1}{4}$ NW $\frac{1}{4}$ 10.8 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 NW $\frac{1}{4}$ NW $\frac{1}{4}$ 32.6 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SW $\frac{1}{4}$ NW $\frac{1}{4}$ 21.6 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ 30.5 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 NE $\frac{1}{4}$ SW $\frac{1}{4}$ 28.0 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 NW $\frac{1}{4}$ SW $\frac{1}{4}$ 14.8 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SW $\frac{1}{4}$ SW $\frac{1}{4}$ 6.2 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SE $\frac{1}{4}$ SW $\frac{1}{4}$ 16.0 ACRES, AGRICULTURE USE, AND COMMERCIAL USE
 SECTION 24

TOWNSHIP 3 SOUTH, RANGE 5 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter at each point of appropriation, or a single totalizing flow meter located sufficiently to measure the entire volume of water used under this permit. The totalizing flow meter(s) must be installed and maintained in good working order consistent with those standards identified in OAR 690-507-645(1) through (3). The permittee 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(s); provided however, where any meter is located within a private structure, the watermaster shall request access upon reasonable notice.

Limited Water Level Decline/Interference Condition

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 any of the following events occur:

- A. Annual water level measurements reveal an average water level decline of three or more feet per year for five consecutive years; or
- B. Annual water level measurements reveal a water level decline of 15 or more feet in fewer than five consecutive years; or
- C. Annual water level measurements reveal a water level decline of 25 or more feet; or
- D. Hydraulic interference leads 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 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 under this permit is for drip or an equally efficient irrigation method.

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, unless the Department authorizes the change in writing.

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.

Completion of construction and complete application of the water to the use shall be made on or before October 1, 2011. 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 October 5, 2006

E. Timothy Well

Phillip C. Ward, Director *for*
Water Resources Department