STATE OF OREGON

COUNTY OF CROOK

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

CITY OF PRINEVILLE 387 NE THIRD STREET PRINEVILLE, OR 97754

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

APPLICATION FILE NUMBER: G-15974

SOURCE OF WATER: TWO WELLS IN OCHOCO CREEK BASIN WITHIN THE DESCHUTES RIVER BASIN

PURPOSE OR USE: MUNICIPAL USE

MAXIMUM RATE/VOLUME: 1.715 CUBIC FEET PER SECOND (CFS), BEING 0.60 CFS FROM WELL 1 (AIRPORT WELL #1), AND 1.115 CFS FROM WELL 2 (AIRPORT WELL #2), LIMITED TO A MAXIMUM ANNUAL VOLUME OF 1242.0 ACRE FEET (AF), FURTHER LIMITED BY THE CORRESPONDING MITIGATION PROVIDED UNDER THE INCREMENTAL MITIGATION DEVELOPMENT PLAN

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: MARCH 31, 2003

WELL LOCATIONS:

WELL #1 (AIRPORT WELL #1) (CROO 1894):
SE % SW %, SECTION 11, T155, R15E, W.M.; 1290 FEET NORTH &
1950 FEET EAST FROM SW CORNER, SECTION 11

WELL #2 (AIRPORT WELL #2):
SW % SW %, SECTION 11, T155, R15E, W.M.; 600 FEET NORTH & 20
FEET EAST FROM SW CORNER, SECTION 11

THE PLACE OF USE IS LOCATED AS FOLLOWS:
WITHIN THE MUNICIPAL SERVICE BOUNDARY OF THE CITY OF
PRINEVILLE

Measurement, recording and reporting conditions:

A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter on each well. The totalizing flow meter must be installed and

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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 meters; provided however, where the meter is located within a private structure, the watermaster shall request access upon reasonable notice.

Use of water under authority of this permit may be regulated if analysis of data available after the permit is issued discloses that the appropriation will measurably reduce the surface water flows necessary to maintain the free-flowing character of a scenic waterway in quantities necessary for recreation, fish and wildlife in effect as of the priority date of the right or as those quantities may be subsequently reduced. However, the use of ground water allowed under the terms of this permit will not be subject to regulation for Scenic Waterway flows so long as mitigation is maintained.

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;
- 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.

GROUND WATER MITIGATION CONDITIONS

Mitigation Obligation:

496.8 acre-feet of mitigation water in the Crooked River Zone of Impact (anywhere in the Crooked River Basin above River Mile 13.8)

Mitigation Source:

Mitigation Credits or a Mitigation Project, in accordance with the incremental development plan on file with the Department, meeting the requirements of OAR Chapter 690, Division 505 (Deschutes Ground Water Mitigation Rules).

The first stage of incremental development was met with 104.4 AF of mitigation, being mitigation water resulting from Mitigation Project MP-25, a permanent instream transfer that meets the requirements of OAR 690-505-0610(2)-(5), within the Crooked River Zone of Impact.

Mitigation water must be legally protected instream for instream use within the Crooked River Zone of Impact and committed for life of the permit and subsequent certificate(s). Regulation of the use and/or cancellation of the permit, or subsequent certificate(s) will occur if the required mitigation is not maintained.

If mitigation is from a secondary right for stored water from a storage project not owned or operated by the permittee, the use of water under this right is subject to the terms and conditions of a valid contract, or a satisfactory replacement, with the owner/operator of the storage project, a copy of which must be on file in the records of the Water Resources Department prior to use of water.

The permittee shall provide additional mitigation if the Department determines that average annual consumptive use of the subject appropriation has increased beyond the originally mitigated amount.

The permittee shall provide mitigation prior to each stage of development under the permit, as described in the incremental development mitigation plan on file with the Department, and in accordance with the standards of the Deschutes Ground Water Mitigation Rules, OAR Chapter 690, Division 505.

The permittee shall not increase the rate or amount of water diverted, as described in the incremental development mitigation plan, prior to increasing the corresponding mitigation.

The permittee shall seek and receive Department approval prior to changing the incremental mitigation development plan and related mitigation obligation for each stage of permit development.

The permittee shall report to the Department the progress of implementing the incremental mitigation development plan and related mitigation no later than April 1 of each year. This annual notification is not necessary if the permittee has completed development and submitted a Claim of Beneficial Use to the Department.

Within two years of permit issuance, the permittee shall submit a new or updated Water Management and Conservation Plan pursuant to OAR Chapter 690, Division 86.

Failure to comply with these mitigation conditions shall result in the Department regulating the ground water permit, or subsequent certificate(s), proposing to deny any permit extension application for the ground water permit, and proposing to cancel the ground water permit, or subsequent certificate(s).

STANDARD CONDITIONS

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.

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 permit holder shall commence and complete the construction of any proposed works within 20 years from the date of permit issuance. The Department may order and allow an extension of time to complete construction or to perfect a water right beyond 20 years from the date of permit issuance.

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 December 29, 2006

5. Twothy Wall.

Phillip C. Ward, Director

Water Resources Department