

STATE OF OREGON

COUNTY OF HARNEY

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

BLACKBURN RANCHES LLC.
707 PONDEROSA VILLAGE
BURNS, OR 97720

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

APPLICATION FILE NUMBER: G-16908

SOURCE OF WATER: WELL 2 (HARN 967/HARN 1725), WELL 3 (HARN 51322) AND
WELL 4 IN EAST FORK SILVIES RIVER BASIN

PURPOSE OR USE: IRRIGATION USE ON 133.2 ACRES

MAXIMUM RATE: 1.67 CUBIC FEET PER SECOND

PERIOD OF USE: MARCH 1 THROUGH OCTOBER 31

DATE OF PRIORITY: JULY 25, 2007

WELL LOCATION:

WELL 2 (HARN 967/HARN 1725) - NE $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 31, T24S, R32.5E,
W.M.; 811 FEET SOUTH AND 1151 FEET WEST FROM NE CORNER, SECTION 31

WELL 3 (HARN 51322) - SE $\frac{1}{4}$ SE $\frac{1}{4}$, SECTION 30, T24S, R32.5E, W.M.; 27
FEET NORTH AND 655 FEET WEST FROM SE CORNER, SECTION 30

WELL 4 - NW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 31, T24S, R32.5E, W.M.; 685 FEET SOUTH
AND 2275 FEET WEST FROM NE CORNER, SECTION 31

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:

LOT 2 SW $\frac{1}{4}$ NE $\frac{1}{4}$ 3.4 ACRES
LOT 2 SE $\frac{1}{4}$ NW $\frac{1}{4}$ 38.8 ACRES
LOT 3 NE $\frac{1}{4}$ SW $\frac{1}{4}$ 21.0 ACRES
NW $\frac{1}{4}$ SE $\frac{1}{4}$ 4.4 ACRES
SE $\frac{1}{4}$ SE $\frac{1}{4}$ 8.6 ACRES
SECTION 30

NE ¼ NE ¼ 14.5 ACRES
NW ¼ NE ¼ 2.4 ACRES
SW ¼ NE ¼ 2.0 ACRES
SE ¼ NE ¼ 31.3 ACRES
NE ¼ NW ¼ 1.7 ACRES
SECTION 31

SW ¼ NW ¼ 5.1 ACRES
SECTION 32
TOWNSHIP 24 SOUTH, RANGE 32.5 EAST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter or other suitable measuring device as approved by the Director at each point of appropriation. 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 Department requires the water user to obtain, from a qualified individual (see below), and report annual static water levels for each well on the permit. The static water level shall be measured in the month of March. Reports shall be submitted to the Department within 30 days of measurement.

The permittee shall report an initial March static water-level measurement once well construction is complete and annual measurements thereafter. Annual measurements are required whether or not the well is used. The first annual measurement will establish a reference level against which future measurements will be compared. However, the Director may establish the reference level based on an analysis of other water-level data. The Director may require the user to obtain and report additional water levels each year if more data are needed to evaluate the aquifer system.

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. Measurements shall be submitted on forms provided by, or specified by, the Department. Measurements shall be made with equipment that is accurate to at least the standards specified in OAR 690-217-0045. The Department requires the individual performing the measurement to:

- A. Associate each measurement with an owner's well name or number and a Department well log ID; and
- B. Report water levels to at least the nearest tenth of a foot as depth-to-water below ground surface; and
- C. Specify the method of measurement; and
- D. Certify the accuracy of all measurements and calculations reported 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 restricted use shall continue until the water level rises above the decline level which triggered the action or 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 causing substantial interference with senior water rights. The water user shall not 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.

STANDARD CONDITIONS

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.

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 well(s) 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.

If the riparian area is disturbed in the process of developing a point of diversion, the permittee shall be responsible for restoration and enhancement of such riparian area in accordance with ODFW's Fish and Wildlife Habitat Mitigation Policy OAR 635-415. For purposes of mitigation, the ODFW Fish and Wildlife Habitat Mitigation Goals and Standards, OAR Chapter 635, Division 415, Section 030 adopted November 13, 1991 shall be followed.

The use may be restricted if the quality of the source stream or downstream waters decrease to the point that those waters no longer meet existing state or federal water quality standards due to reduced flows.

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.

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.

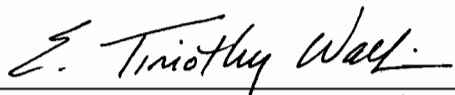
The use of water shall be limited when it interferes with any prior surface or ground water rights.

Completion of construction and complete application of the water to the use shall be made on or before October 1, 2012. 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 JUNE 23, 2008



for Phillip C. Ward, Director
Water Resources Department