STATE OF OREGON

COUNTY OF MARION

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

WALLING PROPERTIES, LLC PO BOX 12828 SALEM, OR 97309

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

APPLICATION FILE NUMBER: G-16815

SOURCE OF WATER: WELL 1 (MARI 9619) AND WELL 2 (POND) IN MILL CREEK BASIN

PURPOSE OR USE: INDUSTRIAL USE

MAXIMUM RATE: 1.78 CUBIC FEET PER SECOND

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: MARCH 15, 2007

WELL LOCATIONS:

WELL 1 (MARI 9619): SW 1/4 NE 1/4, SECTION 6, T8S, R2W, W.M.; 680 FEET NORTH AND 100 FEET EAST FROM C1/4 CORNER, SECTION 6

SE 1/4 NW 1/4, SECTION 6, T8S, R2W, W.M.; 1050 FEET WELL 2 (POND): NORTH AND 1175 FEET WEST FROM C1/4 CORNER, SECTION 6

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW 1/4 NE 1/4

NE ¼ NW ¼

NW ¼ NW ¼

SW 1/4 NW 1/4

SE 1/ NW 1/4

NE 1/4 SW 1/4 NW ¼ SW ¼

SE 1/4 SW 1/4

NW 1/4 SE 1/4

SECTION 6

TOWNSHIP 8 SOUTH, RANGE 2 WEST, W.M.

Measurement, recording and reporting conditions:

Before water use may begin under this permit, the permittee Α. shall install a totalizing flow meter at each point of

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appropriation. The permittee shall maintain the meter(s) in good working order. 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.

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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.

The well(s) shall produce ground water only from the alluvial ground water reservoir.

The permittee shall release water legally stored under Application P-77512 at a rate of 0.08 CFS, which equates to 29.8 acre feet, into Mill Creek beginning on June 1 and extending through November 30 of each year.

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 September // , 2008

for Phillip C. Ward, Director Water Resources Department

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