

STATE OF OREGON

COUNTY OF KLAMATH

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

LISKEY FARMS INC.
4650 LOWER KLAMATH LAKE RD
KLAMATH FALLS, OR 97603

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

APPLICATION FILE NUMBER: G-16813

SOURCE OF WATER: PRODUCTION WELL 1 (KLAM 14580 / 14570), PRODUCTION WELL 2 (KLAM 14581 / 14569), AND PRODUCTION WELL 3 (KLAM 55747 / 56949) IN KLAMATH STRAIT BASIN

PURPOSE OR USE: INDUSTRIAL USE

MAXIMUM RATE: 5.57 CUBIC FEET PER SECOND

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: FEBRUARY 27, 2007

WELL LOCATIONS:

PRODUCTION WELL 1 (KLAM 14580 / 14570): SW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 34, T40S, R9E, W.M.; 1520 FEET SOUTH AND 1780 FEET WEST FROM NE CORNER, SECTION 34

PRODUCTION WELL 2 (KLAM 14581 / 14569): SE $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 34, T40S, R9E, W.M.; 1760 FEET SOUTH AND 930 FEET WEST FROM NE CORNER, SECTION 34

PRODUCTION WELL 3 (KLAM 55747 / 56949): SW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 34, T40S, R9E, W.M.; 1640 FEET SOUTH AND 1325 FEET WEST FROM NE CORNER, SECTION 34

RE-INJECTION WELL: NW $\frac{1}{4}$ SW $\frac{1}{4}$, SECTION 35, T40S, R9E, W.M.; 960 FEET NORTH AND 770 FEET WEST FROM SE CORNER, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SECTION 35

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NE $\frac{1}{4}$ NE $\frac{1}{4}$
NW $\frac{1}{4}$ NE $\frac{1}{4}$
SW $\frac{1}{4}$ NE $\frac{1}{4}$
SE $\frac{1}{4}$ NE $\frac{1}{4}$

NE ¼ NW ¼
 SE ¼ NW ¼
 NE ¼ SE ¼
 SECTION 34

SW ¼ NW ¼
 NW ¼ SW ¼
 SECTION 35

TOWNSHIP 40 SOUTH, RANGE 9 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 production well and re-injection well. 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.

Prior to use of water under this permit, the permit holder must register the injection activity with the Oregon Department of Environmental Quality's Underground Injection Control (UIC) Program. At the time of permit issuance, the program coordinator is Barbara Priest, who can be contacted at 811 SW 6th Ave, Portland OR 97204, or 503-229-5945.

The system shall comply with OAR 690-230 (Standards And Procedures For Low-Temperature Geothermal Production And Injection Wells And Effluent Disposal Systems).

A completely closed plumbing system shall convey water from the three production wells to the re-injection well.

The re-injection well shall be constructed to return water to the same hydrogeologic unit which supplies the production wells.

Re-injection at the re-injection well shall be concurrent with pumping of the production wells, and the volume and rate at the re-injection

well shall be equal to the total rate and volume at the production wells.

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.

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.

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.

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.

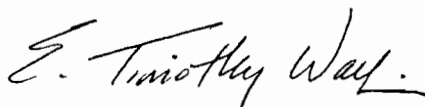
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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, 2013. 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.

Issued *JUNE 11*, 2009



for Phillip C. Ward, Director
Water Resources Department