

STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

CARLTON NURSERY COMPANY, LLC.
PO BOX 398
DAYTON, OR 97114

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

APPLICATION FILE NUMBER: G-17293

SOURCE OF WATER: WELLS 1, 2, AND 3 IN PALMER CREEK BASIN

PURPOSE OR USE: NURSERY USE ON 261.8 ACRES AND POND MAINTENANCE OF GORDON FARM IRRIGATION RESERVOIR, CONSTRUCTED UNDER PERMIT R-14933

MAXIMUM RATE: 0.56 CUBIC FOOT PER SECOND

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: DECEMBER 28, 2009

WELL LOCATIONS:

WELL 1: SW ¼ NW ¼, SECTION 5, T5S, R3W, W.M.; 780 FEET SOUTH FROM SE CORNER, DLC 42

WELL 2: NW ¼ SW ¼, SECTION 5, T5S, R3W, W.M.; 1690 FEET SOUTH AND 60 FEET WEST FROM SE CORNER, DLC 42

WELL 3: NW ¼ SE ¼, SECTION 5, T5S, R3W, W.M.; 2380 FEET SOUTH AND 2009 FEET EAST FROM SE CORNER, DLC 42

The amount of water used for nursery use under this right, together with the amount secured under any other right existing for the same lands, is limited to 0.15 cubic foot per second per acre and 5.0 acre feet per acre per year. For irrigation of containerized nursery plants, the amount of water diverted under this right, together with the amount secured under any other right existing for the same lands, is limited to one-fortieth of one cubic foot per second and 5.0 acre feet per acre per year. For irrigation of in-ground nursery plants, the amount of water diverted under this right, together with the amount secured under any other right existing for the same lands, is limited to one-eightieth of one cubic foot per second and 2.5 acre feet per acre per year. The use of water for nursery use may be made at any time, during the period of allowed use

specified above, that the use is beneficial. For irrigation of any other crop, the amount of water diverted under this right, together with the amount secured under any other right existing for the same lands, is limited to one-eightieth of one cubic foot per second and 2.5 acre feet per acre during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW $\frac{1}{4}$ NW $\frac{1}{4}$ 3.0 ACRES
 NW $\frac{1}{4}$ SW $\frac{1}{4}$ 27.4 ACRES
 SW $\frac{1}{4}$ SW $\frac{1}{4}$ 10.2 ACRES
 SECTION 4

SW $\frac{1}{4}$ NE $\frac{1}{4}$ 11.5 ACRES
 SE $\frac{1}{4}$ NE $\frac{1}{4}$ 7.1 ACRES
 SW $\frac{1}{4}$ NW $\frac{1}{4}$ 1.3 ACRES AND POND MAINTENANCE
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ 29.8 ACRES AND POND MAINTENANCE
 NE $\frac{1}{4}$ SW $\frac{1}{4}$ 37.7 ACRES AND POND MAINTENANCE
 NW $\frac{1}{4}$ SW $\frac{1}{4}$ 3.5 ACRES AND POND MAINTENANCE
 SW $\frac{1}{4}$ SW $\frac{1}{4}$ 0.5 ACRE
 SE $\frac{1}{4}$ SW $\frac{1}{4}$ 6.6 ACRES
 NE $\frac{1}{4}$ SE $\frac{1}{4}$ 40.0 ACRES
 NW $\frac{1}{4}$ SE $\frac{1}{4}$ 37.7 ACRES
 SW $\frac{1}{4}$ SE $\frac{1}{4}$ 32.7 ACRES
 SE $\frac{1}{4}$ SE $\frac{1}{4}$ 12.4 ACRES
 SECTION 5

NW $\frac{1}{4}$ NE $\frac{1}{4}$ 0.2 ACRE
 NE $\frac{1}{4}$ NW $\frac{1}{4}$ 0.2 ACRE
 SECTION 8

TOWNSHIP 5 SOUTH, RANGE 3 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 or other suitable measuring device as approved by the Director at each point of appropriation. The permittee shall maintain the meter(s) or measuring device(s) in good working order.
- B. The permittee shall keep a complete record of the amount of water appropriated each month, and shall submit a report which includes the recorded report 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.

- C. The permittee shall allow the watermaster access to the meter(s) or measuring device(s); provided however, where any meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.
- D. The Director may provide an opportunity for the permittee to submit alternative measuring and reporting procedures for review and approval.

The well(s) shall produce ground water from no shallower than 80 feet below land surface.

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

To monitor the effect of water use from the well(s) authorized under this permit, the Department requires the water user to obtain, from a qualified individual (see below), 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 report 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 report seven consecutive annual 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 the user to 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 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 non-use 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.

Prior to using water from any well listed on this permit, the permittee shall ensure that the well has been assigned an OWRD Well Identification Number (Well ID tag), which shall be permanently attached to the well. The Well ID shall be used as a reference in any correspondence regarding the well, including any reports of water use, water level, or pump test data.

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 be subject to cancellation, 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 appropriation, 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 635-415, shall be followed.

The use may be restricted if the quality of downstream waters decreases to the point that those waters no longer meet 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 to the Water Resources Department the results of a pump test meeting the Department's standards for each point of appropriation (well), unless an exemption has been obtained in writing under OAR 690-217. The Director may require water-level or pump-test data every ten years thereafter.

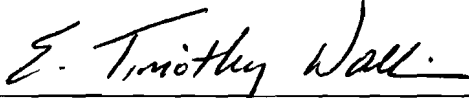
This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

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.

Completion of construction and application of the water shall be made within five years of the date of permit issuance. If beneficial use of permitted water has not been made before this date, the permittee may submit an application for extension of time, which may be approved based upon the merit of the application.

Within one year after making beneficial use of water, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner.

Issued January 5, 2012



E. Timothy Wallin, Water Rights Program Manager
for Phillip C. Ward, Director
Water Resources Department