

STATE OF OREGON

COUNTY OF DESCHUTES

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

ARROWOOD COMMUNITY WATER CO., LLC.
250 NW FRANKLIN AVE STE 203
BEND, OR 97701

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

APPLICATION FILE NUMBER: G-16680

SOURCE OF WATER: WELL 1, WELL 2 (DESC 738), WELL 3 (DESC 5259), AND
WELL 4 (DESC 5260) IN DESCHUTES RIVER BASIN

PURPOSE OR USE: QUASI-MUNICIPAL USES

MAXIMUM RATE AND VOLUME: 1.34 CUBIC FOOT PER SECOND, LIMITED TO AN
ANNUAL VOLUME OF 51.0 ACRE FEET

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: MARCH 13, 2007

WELL LOCATIONS:

WELL 1: SW $\frac{1}{4}$ SE $\frac{1}{4}$, SECTION 22, T18S, R11E, W.M.; 1150 FEET NORTH
AND 2070 FEET WEST FROM SE CORNER, SECTION 22

WELL 2 (DESC 738): SE $\frac{1}{4}$ SW $\frac{1}{4}$, SECTION 22, T18S, R11E, W.M.; 910
FEET NORTH AND 2980 FEET WEST FROM SE CORNER, SECTION 22

WELL 3 (DESC 5259): SE $\frac{1}{4}$ SW $\frac{1}{4}$, SECTION 22, T18S, R11E, W.M.; 1090
FEET NORTH AND 3040 FEET WEST FROM SE CORNER, SECTION 22

WELL 4 (DESC 5260): SE $\frac{1}{4}$ SW $\frac{1}{4}$, SECTION 22, T18S, R11E, W.M.; 960
FEET NORTH AND 2690 FEET WEST FROM SE CORNER, SECTION 22

THE PLACE OF USE IS LOCATED AS FOLLOWS:

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

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

SE $\frac{1}{4}$ SE $\frac{1}{4}$

SECTION 22

TOWNSHIP 18 SOUTH, RANGE 11 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 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.

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.

GROUND WATER MITIGATION CONDITIONS

Mitigation Obligation: 27.2 acre-feet annually in the General Zone of Impact, located anywhere in the Deschutes River Basin above the Madras Gage, which is located below Lake Billy Chinook.

Mitigation Source: 27.2 Mitigation Credits from a chartered mitigation bank, or suitable replacement mitigation that meets the requirements of OAR 690-505-0610(2)-(5), within the General Zone of Impact.

Mitigation water must be legally protected instream for instream use within the General River Zone of Impact and committed for the 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, 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.

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.

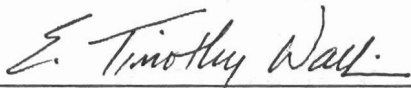
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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

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 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 March 8 , 2012



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