

STATE OF OREGON

COUNTY OF WALLOWA

PERMIT TO CONSTRUCT A RESERVOIR AND STORE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

SPS OF OREGON INC
68830 ALLEN CANYON RD
WALLOWA, OREGON 97885

(541)569-2352

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

APPLICATION FILE NUMBER: R-83922

SOURCE OF WATER: SPRING CREEK, A TRIBUTARY OF WALLOWA RIVER

STORAGE FACILITY: AN UNNAMED RESERVOIR

PURPOSE OR USE OF THE STORED WATER: STOCKWATER, AQUATIC LIFE, WILDLIFE,
AND RECREATION

MAXIMUM STORAGE VOLUME: 4.0 ACRE-FEET EACH YEAR

WATER MAY BE APPROPRIATED FOR STORAGE DURING THE PERIOD: DECEMBER 1
THROUGH MARCH 31 OF EACH YEAR

DATE OF PRIORITY: AUGUST 31, 1998

THE MAXIMUM HEIGHT OF THE DAM SHALL NOT EXCEED 8.00 FEET.

DAM LOCATION: SE 1/4 SW 1/4, SECTION 31, T1N, R43E, W.M.

THE AREA TO BE SUBMERGED BY THE RESERVOIR IS LOCATED AS FOLLOWS:

SE 1/4 SW 1/4
SECTION 31
TOWNSHIP 1 NORTH, RANGE 43 EAST, W.M.

Measurement, recording and reporting conditions:

- A. The Director may require the permittee to install a meter or other suitable measuring device as approved by the Director. If the Director notifies the permittee to install a meter or other measuring device, the permittee shall install such device within the period stated in the notice. Such installation period shall not be less than 90 days unless

special circumstances warrant a shorter installation period. Once installed, the permittee shall maintain the meter or measuring device in good working order and shall allow the watermaster access to the meter or measuring device. The Director may provide an opportunity for the permittee to submit alternative measuring procedures for review and approval.

- B. The Director may require the permittee to keep and maintain a record of the amount (volume) of water used and may require the permittee to report water use on a periodic schedule as established by the Director. In addition, the Director may require the permittee to report general water use information, the periods of water use and the place and nature of use of water under the permit. The Director may provide an opportunity for the permittee to submit alternative reporting procedures for review and approval.

The storage of water allowed herein is subject to the installation and maintenance of an outlet pipe, or the provision of other means to evacuate water when determined necessary by the Water Resources Director to satisfy prior downstream rights.

Use under this permit is limited to the reservoir area. This permit does not provide for the appropriation of water for maintaining the water level or maintaining a suitable fresh water condition.

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.

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.

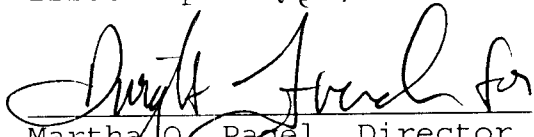
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water allowed herein may be made only at times when sufficient water is available to satisfy all prior rights, including prior rights for maintaining instream flows.

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

Actual construction work shall begin within one year from permit issuance. The reservoir shall be filled and complete application of the stored water to the use shall be made on or before October 1, 2003. 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.

Issued April 16, 1999


Martha O. Pagel, Director
Water Resources Department