

STATE OF OREGON

COUNTY OF WASCO

PERMIT TO CONSTRUCT A RESERVOIR AND STORE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

A AND K RANCHES
2203 BRODERICK ST
SAN FRANCISCO, CA 94115

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

APPLICATION FILE NUMBER: R-86360

SOURCE OF WATER: DEAD DOG CANYON, A TRIBUTARY OF SALT CREEK

STORAGE FACILITY: RESERVOIR #3

PURPOSE OR USE OF THE STORED WATER: MULTIPLE PURPOSE

MAXIMUM STORAGE VOLUME: 4.6 ACRE FEET EACH YEAR

WATER MAY BE APPROPRIATED FOR STORAGE DURING THE PERIOD: JANUARY 1
THROUGH APRIL 14 OF EACH YEAR

DATE OF PRIORITY: JULY 1, 2005

DAM LOCATION: NE 1/4 NE 1/4 SECTION 11, T5S, R15E, W.M.; 782 FEET SOUTH
& 866 FEET WEST FROM NE CORNER, SECTION 11

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

NE 1/4 NE 1/4
SECTION 11
TOWNSHIP 5 SOUTH, RANGE 15 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

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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.

The permittee shall pass all live flow outside the storage season described above.

This permit does not provide for the appropriation of water for any out of reservoir uses, the maintenance of the water level or maintaining a suitable fresh water condition. If any water is used for out of reservoir uses, or any live flow is appropriated to maintain either the water level or a suitable freshwater condition, a secondary water right is required.

If the volume of the completed reservoir is 9.2 acre feet or more and a dam is used to impound the water, the height of the dam shall be less than 10.0 feet.

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.

This permit does not authorize the permit holder to pursue this right in such a way as to interfere with or affect adjacent property not under the ownership of the permit holder.

The reservoir shall be filled and complete application of the stored water to the use shall be made on or before October 1, 2010.

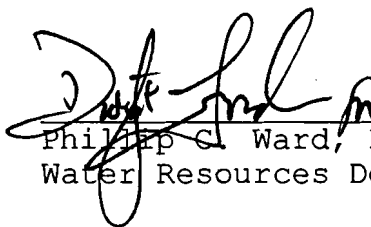
Within one year after complete application of water to the proposed use, the permittee shall submit a claim of beneficial use to the Oregon Water Resources Department.

The claim of beneficial use shall be prepared by a Certified Water Right Examiner in conformance with the requirements of OAR 690-014 if an associated secondary permit exists for the use of stored water under this permit, or if the reservoir stores 9.2 or more acre-feet of water.

If no secondary permit exists and the reservoir stores less than 9.2 acre-feet of water, the claim of beneficial use need not be prepared by a Certified Water Right Examiner. The information submitted to the Oregon Water Resources Department shall include:

- (a) the dimensions of the reservoir;
- (b) the maximum capacity of the reservoir in acre-feet; and
- (c) a map identifying the location of the reservoir prepared in compliance with Water Resource Department standards.

Issued November 3, 2005


Phillip C. Ward, Director
Water Resources Department