

STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO CONSTRUCT A RESERVOIR AND STORE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

DUKES FAMILY VINEYARDS, LLC  
9873 E SHARON DR  
SCOTTSDALE, AZ 85260

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

APPLICATION FILE NUMBER: R-86425

SOURCE OF WATER: AN UNNAMED STREAM AND RUNOFF, TRIBUTARIES OF ASH SWALE

STORAGE FACILITY: DRAGONFLY RESERVOIR

PURPOSE OR USE OF THE STORED WATER: TO BE APPROPRIATED AND MAINTAINED UNDER APPLICATION S-86426 (PERMIT S-54301) FOR MULTIPLE PURPOSE

MAXIMUM VOLUME: 38.5 ACRE FEET

PERIOD OF USE: NOVEMBER 1 THROUGH JUNE 30

DATE OF PRIORITY: SEPTEMBER 26, 2005

The area submerged by the reservoir, when full, will be 2.4 ACRES. The maximum height of the dam shall not exceed 28.0 FEET.

DAM LOCATION: SENE, SECTION 22, T5S, R4W, W.M.; 1290 FEET SOUTH & 720 FEET WEST FROM NE CORNER, C H BURCH DLC 72

POINT OF DIVERSION LOCATION: NESE, SECTION 22, T5S, R4W, W.M.; 1635 FEET NORTH & 315 FEET WEST FROM SE CORNER, SECTION 22

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

SE ¼ NE ¼  
SECTION 22

AS PROJECTED WITHIN C H BURCH DLC 72  
TOWNSHIP 5 SOUTH, RANGE 4 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a meter or other suitable measuring device as approved by the Director. The permittee shall maintain the meter or measuring device in good working order.

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- 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.
- C. 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.

#### DAM CONDITIONS

All construction shall be performed under the supervision of a registered professional engineer licensed in Oregon.

No embankment fill shall be placed until preparation of the underlying foundation is complete. No fill materials shall be placed in the core trench until the excavation has been examined in entirety by the engineer of record, or by the Water Resources Dam Safety Engineer, or both.

The constructed works shall conform to the approved plans and specifications on file with the Water Resources Dam Safety program. The engineer of record shall notify the Water Resources Dam Safety program before making any significant change to the approved design prior to or during construction.

No water shall be stored until the Water Resources Department receives written certification from the engineer of record that construction has been completed in accordance with the approved plans and specifications. If final construction deviates from the approved design a set of reproducible as-constructed drawings, including a revised reservoir area/ capacity graph or table, must accompany the engineer's letter of completion.

Routine maintenance or repair of the dam, its spillway and all appurtenant structures shall be performed to include, but not limited to, the removal of woody vegetation or debris, prompt restoration of areas of erosion or to replace defective equipment necessary for the continued safe operation of the project works.

Except for routine repair and maintenance, design plans and specifications must be prepared by an Oregon licensed professional engineer and approved by the Water Resources Dam Safety program prior to

any enlargement, modification, or alteration of the dam, its spillway or any appurtenant structure.

#### STANDARD CONDITIONS

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.

The storage of water allowed herein is subject to the installation and maintenance of a fully functional conduit/gate assembly having a minimum diameter of 8 inches.

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.

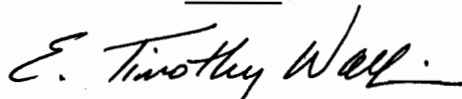
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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.

Construction shall be completed, the reservoir shall be filled, and complete application of the water to the use shall be made on or before October 1, 2010. 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 (CWRE).

Issued June 1, 2006



Phillip C. Ward, Director *for*  
Water Resources Department

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Basin 2                      Volume 11A ASH SWALE MISC

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