

STATE OF OREGON

COUNTY OF POLK

PERMIT TO CONSTRUCT A RESERVOIR AND STORE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

VAN DUZER VINEYARDS
11975 SMITHFIELD RD
DALLAS, OR 97338

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

APPLICATION FILE NUMBER: R-87079

SOURCE OF WATER: RUNOFF, TRIBUTARY OF HOEKSTRE SLOUGH AND BASKETT SLOUGH

STORAGE FACILITIES: RESERVOIR A, RESERVOIR B, RESERVOIR C, AND
RESERVOIR D

PURPOSE OR USE OF THE STORED WATER: MULTIPLE PURPOSE

MAXIMUM VOLUME: 13.0 ACRE FEET (AF) EACH YEAR, BEING 4.8 AF IN
RESERVOIR A, 3.9 AF IN RESERVOIR B, 1.8 AF IN RESERVOIR C, AND 2.5 AF
IN RESERVOIR D

WATER MAY BE APPROPRIATED FOR STORAGE DURING THE PERIOD: NOVEMBER 1
THROUGH JUNE 30

DATE OF PRIORITY: FEBRUARY 6, 2008

THE AREA SUBMERGED BY THE RESERVOIRS, WHEN FULL: 0.32 ACRE FOR
RESERVOIR A, 0.34 ACRE FOR RESERVOIR B, 0.19 ACRE FOR RESERVOIR C, AND
0.28 ACRE FOR RESERVOIR D

THE MAXIMUM HEIGHT OF THE DAM SHALL NOT EXCEED: 18.0 FEET FOR
RESERVOIR A, 20.0 FEET FOR RESERVOIR B, 9.0 FEET FOR RESERVOIR C, AND
13.0 FEET FOR RESERVOIR D

DAM LOCATIONS:

RESERVOIR A: NW $\frac{1}{4}$ SE $\frac{1}{4}$, SECTION 3, T7S, R5W, W.M.; 120 FEET SOUTH
AND 1040 FEET WEST FROM SW CORNER, HENRY LANDERS DLC 73

RESERVOIR B: SW $\frac{1}{4}$ SW $\frac{1}{4}$, SECTION 2, T7S, R5W, W.M.; 780 FEET SOUTH
AND 610 FEET EAST FROM SW CORNER, HENRY LANDERS DLC 73

RESERVOIR C: SE $\frac{1}{4}$ SE $\frac{1}{4}$, SECTION 3, T7S, R5W, W.M.; 840 FEET SOUTH
AND 855 FEET WEST FROM SW CORNER, HENRY LANDERS DLC 73

RESERVOIR D: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 10, T7S, R5W, W.M.; 100 FEET
NORTH AND 75 FEET WEST FROM N'LY NW CORNER, IRA KIMBALL DLC 45

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

SW $\frac{1}{4}$ SW $\frac{1}{4}$
SECTION 2

NW $\frac{1}{4}$ SE $\frac{1}{4}$
SE $\frac{1}{4}$ SE $\frac{1}{4}$
SECTION 3

NE $\frac{1}{4}$ NE $\frac{1}{4}$
SECTION 10

TOWNSHIP 7 SOUTH, RANGE 5 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, a staff gage that measures the entire range and stage between full reservoir level and dead pool storage must be installed in Reservoir A and Reservoir B. The staff gage shall be United States Geological Survey style porcelain enamel iron staff gage style A, C, E or I.
- B. The Director may require the permittee to install a staff gage that measures the entire range and stage between full reservoir level and dead pool storage in Reservoir C and Reservoir D. The staff gage shall be United States Geological Survey style porcelain enamel iron staff gage style A, C, E or I. If the Director notifies the permittee to install a staff gage, 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.
- C. The permittee shall maintain all required devices in good working order.
- D. The Director may provide an opportunity for the permittee to submit alternative measuring procedures for review and approval.
- E. The permittee shall allow the watermaster access to the devices; provided however, where any device is located within a private structure, the watermaster shall request access upon reasonable notice.
- F. 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 out-of-reservoir uses, the maintenance of the water level or maintaining a suitable freshwater condition. If any water is used for out-of-reservoir purposes, or any live flow is appropriated to maintain either the water level or a suitable freshwater condition, a secondary water right is required.

Notwithstanding that Oregon Department of Fish and Wildlife has made a determination that fish screens and/or by-pass devices are not necessary at the time of permit issuance, the permittee may be required in the future to install, maintain, and operate fish screening and/or by-pass devices to prevent fish from entering the proposed diversion, and to provide adequate upstream and downstream passage for fish.

The permittee shall not construct, operate or maintain any dam or artificial obstruction to fish passage in the channel of the subject stream without providing a fishway to ensure adequate upstream and downstream passage for fish, unless the permittee has requested and been granted a fish passage waiver by the Oregon Fish and Wildlife Commission. The permittee is hereby directed to contact an Oregon Department of Fish and Wildlife Fish Passage Coordinator, before beginning construction of any in-channel obstruction.

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.

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.

If the riparian area is disturbed in the process of developing a point of diversion, the permittee shall be responsible for restoration and enhancement of such riparian area in accordance with ODFW's Fish and

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Wildlife Habitat Mitigation Policy OAR 635-415. For purposes of mitigation, the ODFW Fish and Wildlife Habitat Mitigation Goals and Standards, OAR Chapter 635, Division 415, Section 030 adopted November 13, 1991 shall be followed.

The use may be restricted if the quality of the source stream or downstream waters decreases to the point that those waters no longer meet existing state or federal water quality standards due to reduced flows.

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.

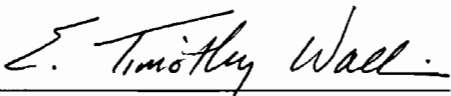
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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, 2013. 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 December 11, 2008



for Phillip C. Ward, Director
Water Resources Department