STATE OF OREGON

COUNTY OF DESCHUTES

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

JANET M. REED, WILLIAM R. REED, JR. AND MYRON F. REED P.O. BOX 218 SISTERS, OREGON 97759

503-549-6000

to use the waters of COLD SPRINGS, TROUT CREEK AND RESERVOIR CONSTRUCTED UNDER APPLICATION R-71775, PERMIT R-11448, a tributary of SQUAW CREEK, for SUPPLEMENTAL IRRIGATION OF 151.1 ACRES, FISH REARING AND WILDLIFE HABITAT.

This permit is issued approving Application 71776. The date of priority is JULY 24, 1991. The use is limited to not more than 94.3 ACRE FEET FROM RESERVOIR FOR SUPPLEMENTAL IRRIGATION AND 1.59 CUBIC FEET PER SECOND FROM COLD SPRINGS AND TROUT CREEK FOR MAINTENANCE OF A RESERVOIR FOR FISH REARING AND WILDLIFE HABITAT, or its equivalent in case of rotation, measured at the point of diversion from the source.

The point of diversion is located as follows:

COLD SPRINGS - SE 1/4 NW 1/4, SECTION 9, T 14 S, R 9 E, W.M.; 3000 FEET NORTH AND 2500 FEET EAST FROM SW CORNER, SECTION 9.

TROUT CREEK - NW 1/4 SE 1/4, SECTION 35, T 14 S, R 9 E, W.M.; 2000 FEET NORTH AND 2700 FEET EAST FROM SW CORNER, SECTION 35.

RESERVIOR; SE 1/4 NW 1/4, SECTION 6, T 15 S, R 10 E, W.M.

The amount of water used for irrigation under this right is limited to a diversion of 4.5 acre-feet for each acre irrigated during the irrigation season of each year. This right is limited to any deficiency in the available supply of any prior right existing for the same land.

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the proposed place of use under this permit is as follows:

NE 1/4 NW 1/4 40.0 ACRES

NW 1/4 NW 1/4 40.0 ACRES

SW 1/4 NW 1/4 38.4 ACRES

SE 1/4 NW 1/4 32.7 ACRES & RESERVOIR

SECTION 6

TOWNSHIP 15 SOUTH, RANGE 10 EAST, W.M.

Actual construction work shall begin on or before March 23, 1993, and shall be completed on or before October 1, 1994. Complete application of the water to the use shall be made on or before October 1, 1995.

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.

Application 71776

Water Resources Department

PERMIT 51431

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 rights for maintaining instream flows.

Issued this date, MARCH 23, 1992.

/s/ WILLIAM H. YOUNG

Water Resources Department William H. Young Director