

STATE OF OREGON

COUNTY OF JACKSON

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

ROGUE PROP I LLC; ROGUE PROP II LLC; H-STAR RANCHES INC.; TRAILMARK CORP
PO BOX 1235
SHADY COVE, OR 97539

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

APPLICATION FILE NUMBER: S-86139

SOURCE OF WATER: LOST CREEK RESERVOIR, CONSTRUCTED UNDER PERMIT R-8142,
A TRIBUTARY OF ROGUE RIVER

PURPOSE OR USE: IRRIGATION USE ON 80.8 ACRES

MAXIMUM VOLUME: 363.6 ACRE FEET EACH YEAR

PERIOD OF USE: APRIL 1 THROUGH OCTOBER 31

DATE OF PRIORITY: NOVEMBER 29, 2004

POINT OF DIVERSION LOCATIONS:

NEW PUMPING STATION 1: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 28, T34S, R1W, W.M.; 600
FEET EAST FROM N1/4 CORNER, SECTION 28
EXISTING DIVERSION POINT 1: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 28, T34S, R1W, W.M.;
200 FEET SOUTH AND 3250 FEET EAST FROM NW CORNER, SECTION 28
NEW PUMPING STATION 2: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 28, T34S, R1W, W.M.; 725
FEET SOUTH & 470 FEET EAST FROM N1/4 CORNER, SECTION 28
EXISTING DIVERSION POINT 2: SW $\frac{1}{4}$ NE $\frac{1}{4}$, SECTION 28, T34S, R1W, W.M.;
1755 FEET SOUTH & 2995 FEET EAST FROM NW CORNER, SECTION 28

The amount of water used for irrigation under this right, together with
the amount secured under any other right existing for the same lands, is
limited to a diversion of ONE-EIGHTIETH of one cubic foot per second and
4.5 acre-feet for each acre irrigated during the irrigation season of
each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SE $\frac{1}{4}$ SE $\frac{1}{4}$ 5.0 ACRES
SECTION 20

NW $\frac{1}{4}$ SW $\frac{1}{4}$ 4.6 ACRES
SW $\frac{1}{4}$ SW $\frac{1}{4}$ 35.4 ACRES

SE ¼ SW ¼ 15.8 ACRES
SW ¼ SE ¼ 10.7 ACRES
SECTION 21

SW ¼ NE ¼ 3.9 ACRES
NE ¼ NW ¼ 1.0 ACRE
NW ¼ NW ¼ 0.4 ACRE
SE ¼ NW ¼ 2.0 ACRES
SECTION 28

NE ¼ NE ¼ 2.0 ACRES
SECTION 29

TOWNSHIP 34 SOUTH, RANGE 1 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the water user shall install a meter or other suitable measuring device as approved by the Director. The water user shall maintain the meter or measuring device in good working order, shall keep a complete record of the amount of water used each month and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the water user to report general water use information, including the place and nature of use of water under the permit.
- B. The water user 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.

The water user shall install, maintain, and operate fish screening and by-pass devices consistent with current Oregon Department of Fish and Wildlife (ODFW) standards. Fish screening is to prevent fish from entering the proposed diversion while by-pass devices provide adequate upstream and downstream passage for fish. The required screen and by-pass devices are to be in place and functional, and approved in writing by ODFW prior to diversion of any water. The water user may submit evidence in writing that ODFW has determined screens and/or by-pass devices are not necessary.

The use of water under this right is subject to the terms and conditions of contract No. 069E101528, or a satisfactory replacement, between the Bureau of Reclamation and the applicant, a copy of which is on file in the records of the Water Resources Department.

STANDARD CONDITIONS

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to such agreement.

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.

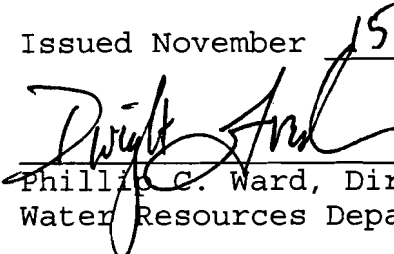
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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.

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 water user wishes to continue development under the permit, the water user 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 water user shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner (CWRE).

Issued November 15, 2005


Phillip C. Ward, Director
Water Resources Department