

STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

CARLTON HILLS VINYARD LLC
5 FINANCIAL PLAZA SUITE 102
NAPA, CA 94558

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

APPLICATION FILE NUMBER: S-86050

SOURCE OF WATER: LIVE FLOW FROM RUNOFF, AN UNNAMED STREAM, AND AN UNNAMED DITCH;
POND J CONSTRUCTED UNDER PERMIT R-14074,
POND B CONSTRUCTED UNDER PERMIT R-14075,
POND I CONSTRUCTED UNDER PERMIT R-14076, AND
POND H CONSTRUCTED UNDER PERMIT R-14077;
TRIBUTARIES OF PANTHER CREEK

PURPOSE OR USE:

LIVE FLOW: MAINTENANCE OF RESERVOIRS CONSTRUCTED UNDER PERMITS R-14074, R-14075, R-14076, R-14077, AND PERMIT R-14241 FOR COMMERCIAL USE FOR CUSTOMARILY DOMESTIC PURPOSES

PONDS: COMMERCIAL USE, AGRICULTURE USE, RECREATION USE, AND IRRIGATION USE ON 271.0 ACRES

MAXIMUM AMOUNTS:

LIVE FLOW: 0.01 CUBIC FOOT PER SECOND

PONDS: 36.4 ACRE FEET (AF) EACH YEAR, BEING 9.1 AF EACH IN POND J, POND B, POND I, AND POND H

PERIOD OF USE:

IRRIGATION USE: APRIL 1 THROUGH SEPTEMBER 30 OF EACH YEAR

COMMERCIAL USE (FROM PONDS J, B, I, AND H), AGRICULTURE USE, AND RECREATION USE: YEAR ROUND

COMMERCIAL USE FOR CUSTOMARILY DOMESTIC PURPOSES FROM LIVE FLOW: DECEMBER 1 THROUGH APRIL 30 OF EACH YEAR

DATE OF PRIORITY: JULY 14, 2004

POINT OF DIVERSION LOCATIONS:

POD #1 (UNNAMED STREAM): SW 1/4 NE 1/4 SECTION 24, T3S, R5W, W.M.;
1388 FEET SOUTH & 2218 FEET WEST FROM THE
NE CORNER OF SECTION 24

POD #2 (UNNAMED DITCH): NE 1/4 SW 1/4 SECTION 24, T3S, R5W, W.M.;
2265 FEET NORTH & 2650 FEET EAST FROM THE
SW CORNER OF SECTION 24

POD #4 (POND H): SE 1/4 SW 1/4 SECTION 24, T3S, R5W, W.M.;
1040 FEET NORTH & 1425 FEET EAST FROM THE
SW CORNER OF SECTION 24

POD #5 (POND B): SE 1/4 NW 1/4 SECTION 24, T3S, R5W, W.M.;
1500 FEET SOUTH & 2066 FEET EAST FROM THE
NW CORNER OF SECTION 24

POD #6 (POND I): NE 1/4 NE 1/4 SECTION 23, T3S, R5W, W.M.;
230 FEET SOUTH & 124 FEET WEST FROM THE
NE CORNER OF SECTION 23

POD #7 (POND J): SW 1/4 SW 1/4 SECTION 13, T3S, R5W, W.M.;
90 FEET NORTH & 940 FEET EAST FROM THE SW
CORNER OF SECTION 13

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 2.5 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE FOR COMMERCIAL USE, AGRICULTURE USE, RECREATION USE, AND IRRIGATION USE IS LOCATED AS FOLLOWS:

SW 1/4 SW 1/4 37.0 ACRES
SE 1/4 SW 1/4 24.2 ACRES
SW 1/4 SE 1/4 5.0 ACRES
SECTION 13

SE 1/4 SE 1/4 26.5 ACRES
SECTION 14

NE 1/4 NE 1/4 13.1 ACRES
SECTION 23

TOWNSHIP 3 SOUTH, RANGE 5 WEST, W.M.

SW $\frac{1}{4}$ NE $\frac{1}{4}$ 4.7 ACRES
 NE $\frac{1}{4}$ NW $\frac{1}{4}$ 10.8 ACRES
 NW $\frac{1}{4}$ NW $\frac{1}{4}$ 32.6 ACRES
 SW $\frac{1}{4}$ NW $\frac{1}{4}$ 21.6 ACRES
 SE $\frac{1}{4}$ NW $\frac{1}{4}$ 30.5 ACRES
 NE $\frac{1}{4}$ SW $\frac{1}{4}$ 28.0 ACRES
 NW $\frac{1}{4}$ SW $\frac{1}{4}$ 14.8 ACRES
 SW $\frac{1}{4}$ SW $\frac{1}{4}$ 6.2 ACRES
 SE $\frac{1}{4}$ SW $\frac{1}{4}$ 16.0 ACRES

SECTION 24

TOWNSHIP 3 SOUTH, RANGE 5 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, 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 permittee to report general water use information, including the place and nature of use of water under the permit.
- 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.

The permittee 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 prior to diversion of any water. Permittee shall obtain written approval from ODFW that the installation of the required screen and by-pass devices meets the state's criteria or the permittee shall submit documentation that ODFW has determined screens and/or by-pass devices are not necessary.

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.

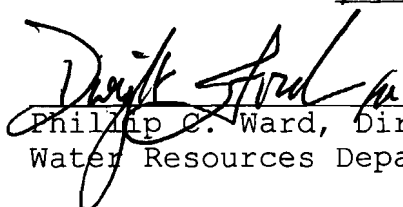
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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 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 November 17, 2005


Phillip C. Ward, Director
Water Resources Department