

STATE OF OREGON
 COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO:

LAUGHLIN-RED HILLS LLC
 19143 NE LAUGHLIN RD
 YAMHILL OR 97148

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

APPLICATION FILE NUMBER: S-86645

SOURCE OF WATER: LACROUTE RESERVOIR, CONSTRUCTED UNDER PERMITS R-11400 AND R-11531

PURPOSE OR USE: IRRIGATION of 5.2 ACRES

MAXIMUM VOLUME: 2.6 ACRE FEET

PERIOD OF USE: APRIL 1 THROUGH OCTOBER 31

DATE OF PRIORITY: JULY 24, 2006

Authorized Point of Diversion:

Twp	Rng	Mer	Sec	Q-Q	Survey Coordinates
2 S	4 W	WM	26	NW SE	1910 FEET NORTH AND 1520 FEET WEST FROM SE CORNER, SECTION 26

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.

Authorized Place of Use:

Twp	Rng	Mer	Sec	DLC	Q-Q	Acres
2 S	4 W	WM	35		NW NE	1.60
2 S	4 W	WM	35		NE NW	2.40
2 S	4 W	WM	35	63	NE NW	1.20

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter at each point of diversion as approved by the Director. The totalizing flow meter must be installed and maintained as identified in OAR 690-507-645. The permittee shall maintain the meter(s) in good working order.
- B. The permittee shall allow the watermaster access to the meter; where the meter 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

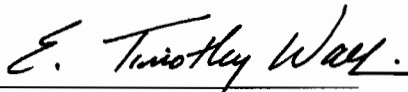
information, the periods of water use, and the place and nature of use of water under the permit. The Director may provide an opportunity for the permittee to submit alternative reporting procedures for review and approval.

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 water. The water user may submit evidence in writing that ODFW has determined screens and/or by-pass devices are not necessary.

STANDARD CONDITIONS

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. Complete application of the water to the use shall be made on or before October 1, 2011. 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.
7. 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 16, 2006.


_____ for

Phillip C. Ward, Director
Water Resources Department