

STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

ELK COVE VINEYARDS, INC
27751 NW OLSON RD
GASTON, OR 97119

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

APPLICATION FILE NUMBER: S-86888

SOURCE OF WATER: ELK COVE RESERVOIR, PERMIT R-14515, AND AN UNNAMED STREAM, TRIBUTARIES OF WILLIAMS CANAL

SOURCE OF WATER	PURPOSE OR USE	MAXIMUM AMOUNT	PERIOD OF USE
ELK COVE RESERVOIR	IRRIGATION ON 66.1 ACRES	9.19 ACRE FEET	3/1 - 10/31
UNNAMED STREAM	IRRIGATION ON 66.1 ACRES	0.83 CUBIC FOOT PER SECOND	3/1 - 4/30
UNNAMED STREAM	POND MAINTENANCE	0.09 CUBIC FOOT PER SECOND	12/1 - 4/30

DATE OF PRIORITY: JUNE 1, 2007

POINT OF DIVERSION LOCATION: NW ¼ NE ¼, SECTION 9, T2S, R4W, W.M.; 970 FEET SOUTH AND 1800 FEET WEST FROM NE CORNER, SECTION 9

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 IS LOCATED AS FOLLOWS:

NE ¼ NE ¼ 4.9 ACRES
NW ¼ NE ¼ 17.2 ACRES AND POND MAINTENANCE
SW ¼ NE ¼ 11.1 ACRES
SE ¼ NE ¼ 14.3 ACRES
NE ¼ NW ¼ 14.3 ACRES
SE ¼ NW ¼ 4.3 ACRES

SECTION 9

TOWNSHIP 2 SOUTH, RANGE 4 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter or other suitable measuring device as approved by the Director at each point of diversion. The permittee shall maintain the meter or measuring device in good working order.
- 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.
- 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 use may be restricted if the quality of the source stream or downstream waters decrease to the point that those waters no longer meet existing state or federal water quality standards due to reduced flows.

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 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 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

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.

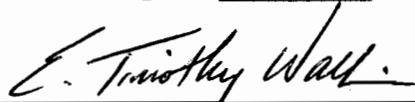
The use of water allowed herein may be made only at times when sufficient water is available to satisfy all prior rights, including prior rights for maintaining instream flows.

This permit does not allow unauthorized inundation of property not under the ownership of the permit holder.

Completion of construction and complete application of the water to the use shall be made on or before October 1, 2012. 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 April 7, 2008



for Phillip C. Ward, Director
Water Resources Department