STATE OF OREGON

COUNTY OF POLK

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

VAN DUZER VINEYARDS 11975 SMITHFIELD RD DALLAS, OR 97338

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

APPLICATION FILE NUMBER: S-87080

SOURCE OF WATER: RESERVOIR A, TRIBUTARY OF HOEKSTRE SLOUGH, AND RESERVOIR B, TRIBUTARY OF BASKETT SLOUGH, UNDER PERMIT R-14694

PURPOSE OR USE: IRRIGATION USE ON 138.1 ACRES

MAXIMUM VOLUME: 8.7 ACRE FEET (AF) EACH YEAR, BEING 4.8 AF IN RESERVOIR A, AND 3.9 AF IN RESERVOIR B

PERIOD OF USE: MARCH 1 THROUGH OCTOBER 31

DATE OF PRIORITY: FEBRUARY 6, 2008

POINTS OF DIVERSION LOCATIONS:

RESERVOIR A: NW ¼ SE ¼, SECTION 3, T7S, R5W, W.M.; 120 FEET SOUTH AND 1040 FEET WEST FROM SW CORNER, HENRY LANDERS DLC 73

RESERVOIR B: SW ¼ SW ¼, SECTION 2, T7S, R5W, W.M.; 780 FEET SOUTH AND 610 FEET EAST FROM SW CORNER, HENRY LANDERS DLC 73

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 SW ¼ 2.5 ACRES NW ¼ SW ¼ 6.0 ACRES SW ¼ SW ¼ 39.8 ACRES SE ¼ SW ¼ 8.5 ACRES SECTION 2 NE ¼ SE ¼ 7.2 ACRES
NW ¼ SE ¼ 2.2 ACRES
SW ¼ SE ¼ 7.5 ACRES
SE ¼ SE ¼ 38.5 ACRES
SECTION 3

NE ¼ NE ¼ 10.5 ACRES NW ¼ NE ¼ 2.2 ACRES SECTION 10

NE ¼ NW ¼ 2.2 ACRES

NW ¼ NW ¼ 11.0 ACRES

SECTION 11

TOWNSHIP 7 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 totalizing flow meter at each point of diversion. The permittee shall maintain the meter(s) in good working order.
- B. The permittee shall allow the watermaster access to the meter(s); provided however, where any 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.

Not withstanding that Oregon Department of Fish and Wildlife has made a determination that fish screens and/or by-pass devices are not necessary at the time of permit issuance, the permittee may be required in the future to install, maintain, and operate fish screening and/or by-pass devices to prevent fish from entering the proposed diversion, and to provide adequate upstream and downstream passage for fish.

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

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.

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.

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 use may be restricted if the quality of the source stream or downstream waters decreases to the point that those waters no longer meet existing state or federal water quality standards due to reduced flows.

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.

Completion of construction and complete application of the water to the use shall be made on or before October 1, 2013. 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 December // , 2008

for Phillip C. Ward, Director Water Resources Department