

STATE OF OREGON

COUNTY OF WASHINGTON

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO:

STUART HOLDINGS LLC AND BTG LLC
525 N TOMAHAWK DR
PORTLAND OR 97217

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

APPLICATION FILE NUMBER: S-87701

SOURCE OF WATER: A RESERVOIR, CONSTRUCTED UNDER PERMIT R-1917, TRIBUTARY TO MCKAY CREEK

PURPOSE OR USE: INDUSTRIAL USE

MAXIMUM VOLUME: 40.0 ACRE FEET

DATE OF PRIORITY: APRIL 13, 2011

PERIOD: YEAR ROUND

Authorized Point of Diversion:

| Twp | Rng | Mer | Sec | Q-Q | GLot | Measured Distances |
|-----|-----|-----|-----|-------|------|--|
| 1 N | 2 W | WM | 7 | SE NW | 3 | 1500 FEET SOUTH AND 1660 FEET EAST FROM NW CORNER, SECTION 7 |

Authorized Place of Use:

| Twp | Rng | Mer | Sec | Q-Q | GLot |
|-----|-----|-----|-----|-------|------|
| 1 N | 2 W | WM | 7 | NE NW | |
| 1 N | 2 W | WM | 7 | NW NW | |
| 1 N | 2 W | WM | 7 | SW NW | 4 |
| 1 N | 2 W | WM | 7 | SE NW | 3 |

Measurement, recording and reporting conditions:

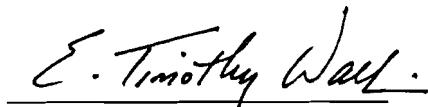
- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter at each point of diversion, and maintain the meter(s) in good working order.
- B. The permittee shall allow the watermaster access to the meter(s); where a meter is located within a private structure, 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.
- D. The Director may provide an opportunity for the permittee to submit alternative measuring and 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. 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.
2. 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.
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. 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, shall be followed.
7. Completion of construction and application of the water shall be made within five years of the date of permit issuance. If beneficial use of permitted water has not been made before this date, the permittee may submit an application for extension of time, which may be approved based upon the merit of the application.
8. Within one year after making beneficial use of water, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner.

Issued August 11 2011.



E. Timothy Wallin, Water Rights Program Manager
for Phillip C. Ward, Director
Water Resources Department