

APPLICATION FOR EXTENSION OF TIME  
TO THE WATER RESOURCES DIRECTOR OF OREGON

I, Scott H. McKenzie  
NAME

Box 281 Seas OR 97476 (541) 332-3381  
ADDRESS CITY STATE ZIP PHONE

owner of record, or duly authorized agent, of Application No. S-74012, Permit No. 52994, do hereby request that the time in which to:

complete the construction of diversion/appropriation works and/or purchase and installation of the equipment necessary to the use of water, which time now expires on October 1, 2000, be extended to October 1, 2010,

and/or the time in which to:

accomplish beneficial use of water to the full extent under the terms of the permit, which time now expires on October 1, 2000, be extended to October 1, 2010.

**NOTE: The extension of time requested should be long enough to finish the project. Should this request be approved, it will be the Department's expectation that you will complete your project within the new time period allowed. Future extensions may not be granted.**

Attached is an instruction sheet to assist you in completing the information on the permit extensions application form. Oregon Water Law and Administrative Rules requires this information to be considered by the Water Resources Department when reviewing a permit extension. All items must be completed or the application will be returned. Please feel free to provide the Department with any additional information that would aid us in making our decision. Please use additional sheets of paper as needed to fully respond to the questions.

After reviewing the application form and the instruction sheet, if you have any questions, please contact the Department at 1-800-624-3199, or locally in the Salem vicinity at (503) 378-3739, and request assistance from the Water Rights Division, permit extensions personnel.

1-Did water system construction/well drilling begin within the time specified in the permit yes/no]?  
yes

2-Has construction of diversion/appropriation works, distribution system, and use of water, if any, been accomplished consistent with the limitations and conditions of this permit yes/no]? yes

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A) Please describe how you have complied with each applicable permit condition (NOTE: the instruction sheet for permit extension applications provides some direction as to what is an "applicable" condition at time of permit extension review). Condition 1: A totalizing flow meter as approved by the water master has been installed.  
Condition 2; I have on file a record of the amount of water used each month. Condition 3; A V-notch weir has been installed downstream of reservoir #1 and the outflow is metered.  
Condition 4; Construction was begun within one year of permit issuance.

B) If you have not complied with all applicable conditions, please explain the reasons why and indicate a date certain, in the near future, by which time you will be in compliance with applicable conditions.

3-I have accomplished the following described works, purchases and installation of equipment necessary to the use of water under said permit:

A) Within the past year or, if a prior extension was authorized, during the last permit extension period:

<u>I built 1.34 Acres of cranberry bogs.</u>	<u>COST</u>	<u>\$5,500</u>
<u>Installed irrigation system in bog</u>	<u>COST</u>	<u>\$2,000</u>
<u>Planted vines on bog</u>	<u>COST</u>	<u>\$6,000</u>

B) Prior to the past year or, if a prior extension was authorized, prior to the last extension period:

<u>Installed electrical lines to pumping station</u>	<u>COST</u>	<u>\$4,800</u>
<u>Constructed 14.25 Acres cranberry bogs</u>	<u>COST</u>	<u>88,000</u>
<u>Installed pump, flow meter, irrigation pipe, sprinklers</u>	<u>"</u>	<u>25,000</u>
<u>Planted vines</u>	<u>"</u>	<u>52,000</u>
<u>10 acre FT Reservoir built</u>	<u>"</u>	<u>8,000</u>

C) I have accomplished beneficial use of water under the permit to the extent of (amount of water used or acres irrigated): 16.09 acres of cranberry bogs irrigated

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4-Cost of project to date \$195,000. Estimated remaining cost to complete the project \$200,000.

5-Please list the reasons why the project was not constructed, and/or water not beneficially used within permit time limits under the appropriate categories below. Please provide supporting information for each reason identified.

A) The project is of a size and scope that the original intent was to phase it in over a period longer than the timeframes allowed in the permit. Originally I planned to develop 45 acres of cranberry bogs over a 5 to 6 year period on this property. The initial 16 acres of bog development went as planned. The cranberry market has now collapsed delaying the development of the final 29 acres of bogs. I have permits for a well, reservoir and surface water use from the reservoir. I have finished the well construction, I have developed a reservoir that holds (over)

B) Financing and/or cash-flow needs to develop the project precluded completion of the project within authorized timeframes. I was able to finance the initial phase of this development. I planned on using the proceeds from the selling of cranberries from the initial 16 acre development to finance the completion of the final 29 acres of bogs and water works. As the price of cranberries has dropped nearly 80% in 2 years I will need more time to complete the project. Lender ship (over)

Good faith attempts to comply with permit conditions and/or to acquire permits from other agencies, or otherwise comply with government regulations, delayed completion of the project.

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Acts of God or other unforeseen events delayed full development of the water system and use of water.

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6-Please identify the economic market or markets to which beneficial use of water under the permit is responding. The beneficial use of water under this permit is responding to the rapid decrease in the price of cranberries. Cranberry prices have dropped from 60¢-80¢ per pound in 1997 to 10¢-20¢ per pound in 1999 (over)

continued from page 3

5A ) approximately 15 acre feet of water and I have installed electricity, pumps, water meters and water lines for 16 acres of bogs that are currently in production.

5B) in the cranberry industry is predicting an increase in prices in the next 2 to 3 years. Once prices have returned to profitability I will continue this project. I need to deepen and lengthen the reservoir to be able to hold 100 acre feet as my permit allows. I need to construct another pumping station and bring electricity to it. I need to construct the final 29 acres of bogs and install irrigation systems to them. If prices increase to a profitable range by 2003 I would like to develop 5 acres a year after that. In that case it would take me until 2009 to 2010 to complete the project. I would like therefore to get a 10 year extension.

6) There is a consensus among the industry leaders( Ocean Spray, Northland, Decas and Cliffstar) that it will take approximately 2 to 3 years for profitability to return to the industry.

A) Has there been any change in this market since the permit was issued? yes.  
Cranberry prices have dropped from the 60¢-80¢ per pound range to 10¢-20¢ per pound range.

B) Have these changes, if any, affected the economic feasibility of your project? yes  
The revenue for the completion of the project was to come from the sale of berries from the initial 16 acres of bogs built on this property since receiving the water permits.

7-Are there other present competing demands for water in your community? No.

A) Has there been any change in these demands for water since the permit was issued? No.

B) Are you aware of alternative sources of water that may be able to satisfy the competing demands?  
No.

C) Are you aware of any adverse affects on your source of water that may have been caused by recent changes in use of water in your community? No.





8-Will the income or use from the water development project authorized by this permit provide reasonable returns against the investment in the project? yes

Assuming an increase in cranberry prices to a profitable level in a reasonable timeframe of 2 to 3 or 4 years

9-If the extension request is denied, is the current level of water use economically feasible?

No. I believe that the 16 acres of bogs that the current level of water use supports will not in the future support a family. I believe that in order for this property to be a fully realized economic unit it needs to be developed to its full potential. 45 acres of cranberry bogs with a good reservoir, well and surface water permit should in most foreseeable circumstances be a sound economic unit.

I am the permittee, or have authorization from the permittee, to apply for an extension of time under this permit. I understand that false or misleading statements in this extension application are grounds for the Department to suspend processing of the request and/or reason to deny the extension.

Scott A. McHenry  
Signature

9/26/00  
Date

**MAIL COMPLETED APPLICATION AND STATUTORY FEE OF \$ 100 TO:**

WATER RIGHT PERMIT EXTENSIONS  
WATER RESOURCES  
158 12TH ST NE  
SALEM, OREGON 97310

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Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, <sup>1</sup> a totalizing flow meter or other suitable measuring device(s) as approved by the watermaster must be installed at each diversion point. The totalizing flow meter must be installed and maintained as identified in OAR 690-507-645 <sup>2</sup>. The permittee shall keep a complete record of the amount of water used each month. The permittee shall submit a report which includes the recorded water use measurements to the Department at its request. The permittee may be required to report 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.

Before water use may begin under this permit, <sup>3</sup> a V-notch weir must be installed downstream of Reservoir 1 and the outflow must be metered.

Diversion and use of water under this permit must comply with the Clean Water Act and utilize best management practices as identified in the plan developed as specified in the New River Alternative Dispute Resolution Team Agreement on file with the Department.

#### STANDARD CONDITIONS

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

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.

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

SEE NEXT PAGE

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PERMIT 52994

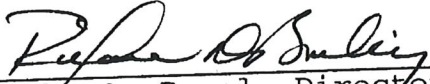
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Actual construction work shall begin within one year from permit issuance and shall be completed on or before October 1, 1999. The reservoirs shall be filled and complete application of water shall be made on or before October 1, 2000.

Issued March 12, 1997



Martha O. Pagel, Director  
Water Resources Department

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Basin 17 Volume 3A Floras Lake & Misc.  
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PERMIT 52994  
District 19



