

**Oregon Water Resources Department
Water Right Services Division**

Application for Extension of Time

In the Matter of the Application for an Extension of Time) PROPOSED
for Permit R-14952, Water Right Application R-86140) FINAL
in the name of Jackson Family Investments, LLC) ORDER

Permit Information

Application:	R-86140
Permit:	R-14952
Basin:	Middle Willamette / Watermaster District 22
Date of Priority:	December 30, 2004
Source of Water:	runoff, an unnamed stream, and an unnamed spring, tributaries to/of Spring Valley Creek
Storage Facility:	Zena Heights Reservoir 1
Purpose or Use:	irrigation
Maximum Rate/Volume:	14.5 acre feet (AF)

Please read this Proposed Final Order in its entirety as it contains additional conditions not included in the original permit.

In summary, the Department proposes to:

- Grant an extension of time to complete construction of the water system from November 27, 2017, to June 30, 2025.
- Grant an extension of time to apply water to full beneficial use from November 27, 2017, to June 30, 2025.¹
- Make the extension subject to certain conditions set forth below.

This Extension of Time request is being processed in accordance with Oregon Revised Statute 537.230 and 539.010(5), and Oregon Administrative Rule Chapter 690, Division 315

¹ Pursuant to ORS 537.230(5), upon the completion of beneficial use of water allowed under the permit, the permit holder shall hire a certified water rights examiner to survey the appropriation. Within one year after the complete application of water to a beneficial use (or by the date allowed for the complete application of water to a beneficial use), the permit holder shall submit a map of the survey and the claim of beneficial use.

ACRONYM QUICK REFERENCE

Application – Application for Extension of Time
Department – Oregon Water Resources Department
ODFW – Oregon Department of Fish and Wildlife
PFO – Proposed Final Order
FOF – Finding of Fact
AF - acre feet

AUTHORITY

Generally, see ORS 537.230 and OAR Chapter 690 Division 315.

ORS 537.230(2) provides in pertinent part that the Oregon Water Resources Department (Department) may, for good cause shown, order an extension of time within which irrigation or other works shall be completed or the right perfected. In determining the extension, the Department shall give due weight to the considerations described under ORS 539.010(5) and to whether other governmental requirements relating to the project have significantly delayed completion of construction or perfection of the right.

ORS 539.010(5) instructs the Director to consider: the cost of the appropriation and application of the water to a beneficial purpose; the good faith of the appropriator; the market for water or power to be supplied; the present demands therefor; and the income or use that may be required to provide fair and reasonable returns upon the investment.

OAR 690-315-0040 provides that in order to approve an application for an extension of time to complete construction or apply water to full beneficial use, the Department shall make the findings in OAR 690-315-0040(1) including a finding that there is “good cause” to approve the extension. OAR 690-315-0040(2)-(4) contains the factors that the Department must consider to make findings that support a “good cause” determination.

OAR 690-315-0050(5) states that extension orders may include, but are not limited to, any condition or provision needed to: ensure future diligence; mitigate the effects of the subsequent development on competing demands on the resource; and periodically document the continued need for the permit.

FINDINGS OF FACT

1. On November 27, 2012 Permit R-14952 was issued by the Department. The permit authorizes the enlargement of Zena Heights Reservoir 1, constructed under Permit R-5384, of up to 14.5 AF of additional water from runoff, an unnamed stream, and an unnamed spring, tributaries to/of Spring Valley Creek. The permit completion of construction and application of water was to be made within five years from the date of permit issuance, being November 27, 2017.
2. On October 13, 2016, an assignment from Zena Heights Vineyard, LLC, and Premier Pacific Vineyards, to Jackson Family Investments, LLC, was recorded in the records of the Water Resources Department.

3. On November 26, 2024, Jackson Family Investments, LLC, submitted an “Application for Extension of Time” (Application) to the Department, requesting the time to complete construction and the time to apply water to full beneficial use under the terms and conditions of Permit R-14952 be extended from November 27, 2017, to October 1, 2027. This is the first permit extension requested for Permit R-14952.
4. On December 10, 2024, notification of the Application for Permit R-14952 was published in the Department’s Public Notice. No public comments were received.

Review Criteria [OAR 690-315-0040]

In order to approve an Application for an Extension of Time to complete construction and/or apply water to full beneficial use pursuant to ORS 537.230 or 537.630, or to begin construction, pursuant to ORS 537.248, the Department must make the findings in OAR 690-315-0040(1)(a) – (d).

Complete Extension of Time Application [OAR 690-315-0040(1)(a)]

5. On November 26, 2024, the Department received a completed Application and the fee specified in ORS 536.050 from the permit holder.

Start of Construction [OAR 690-315-0040(1)(b) and 690-315-0040(5)]

6. Construction of Zena Heights Reservoir 1 began prior to permit issuance. According to the Application for a Permit to Store Water in a Reservoir, submitted December 30, 2004, the permit request was for the enlargement of an existing reservoir, being Zena Heights Reservoir 1, constructed under Permit R-5384.
7. Zena Heights Reservoir 1 is authorized to store 2.5 AF of water, from an unnamed drainage way, tributary of Spring Valley Creek, under Certificate 39303.

Based on Findings of Fact (FOF) 7, and 8, the Department has determined the permit holder began construction prior to November 27, 2017.

Good Cause [OAR 690-315-0040(1)(d)]

The Department must find that there is “good cause” to approve the extension. In making a “good cause” finding, the Department shall consider the requirements set forth under OAR 690-315-0040(2).

Reasonable Diligence of the Appropriator [OAR 690-315-0040(2)(a)]

In order to make a finding of “good cause” to approve the extension, the Department shall consider whether the applicant has demonstrated “reasonable diligence” in previous performance under the permit. OAR 690-315-0040(2)(a). In determining “reasonable diligence”, the Department shall consider, but is not limited to, the following factors: a) The amount of construction completed within the time allowed in the permit or previous extension; b) The amount of beneficial use made of the water during the permit or previous extension time

limits; c) Water right holder conformance with the permit or previous extension conditions; and d) Financial investments made toward developing the beneficial use of water.

Amount of Construction [OAR 690-315-0040(3)(a)]

The amount of construction completed within the time allowed in the permit or previous extension.²

8. Construction of Zena Heights Reservoir 1 began prior to permit issuance. According to a Memorandum submitted to the file on November 15, 2011, Pond 1 (Zena Heights Reservoir 1) has a total volume of 6.11 AF. Since Certificate 39303 has a volume of 2.5 AF, this Application shall actually apply for $6.11 - 2.5 = 3.9$ AF of additional storage.
9. No work was accomplished during the original development time frame under Permit R-14952.
10. Since November 27, 2017, a totalizing flow meter was installed at the point of diversion.

The Application provides evidence that progress of physical work, enough to qualify as the minimum necessary, sufficient to allow for a limited extension of time to provide for the installation of the required totalizing flow meter, but not to allow for any additional storage beyond the 3.9 AF that was stored prior to the issuance of Permit R-14952.

Compliance with Conditions [OAR 690-315-0040(3)(c)]

The water right permit holder's conformance with the permit or previous extension conditions.

11. The Department has considered the permit holder's compliance with conditions, and has identified the following concern: (1) the record does not show that a totalizing flow meter or other suitable measuring device has been installed by November 27, 2017. According to the Application, the totalizing flow meter was installed August 10, 2024.

Based on FOF 11, the Department has determined that the permit holder has not demonstrated compliance with following (or any of the) permit conditions as required by Permit R-14952:

- “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.”

In order to legally perfect the use of water under this permit, the permit holder must demonstrate that all conditions of the permit have been satisfied within the time authorized by the permit.

Beneficial Use of Water [OAR 690-315-0040(3)(b)]

The amount of beneficial use made of the water during the permit time limits or previous

² “Actual Construction” is defined in OAR 690-315-0020(3)(d)(A)and(B) as physical work performed toward completion of the water system which demonstrates the water right permit holder's good faith and intention to complete the project with reasonable diligence. Actual construction does not include planning a diversion system, formulating a business plan, securing financing, letting contracts, purchasing but not installing equipment, surveying, clearing land or planting crops.

extension time limits.

12. A maximum of 3.9 AF of water has been stored from the runoff, an unnamed stream, and an unnamed spring, tributaries to/of Spring Valley Cree, in Zena Heights Reservoir 1, under Permit R-14952. This 3.9 AF is in addition to the 2.5 AF authorized for storage under Certificate 39303.

Based on FOF 11, the Department has determined that beneficial use of 3.9 AF of water has been stored from runoff, an unnamed stream, and an unnamed spring, tributaries to/of Spring Valley Creek, under Permit R-14952.

Financial Investments to appropriate and Apply Water to a Beneficial Purpose [OAR 690-315-0040(2)(b),(3)(d),(4)(d)]

13. The Application identifies an investment of \$358,500 has been invested. The costs included items surveying costs, which are not “actual construction” under this permit; and projected costs to obtain fish passage waiver and the projected cost to complete construction of Zena Heights Reservoir 1 and therefore are not counted towards development. After deducting these costs, the approximate total investment for “actual construction” to date is approximately \$53,000 which is about 15 percent of the total projected cost for complete development of this project. An additional \$303,000 investment is needed to complete this project, which includes expanding Zena Heights Reservoir 1.
14. No financial investment has been made from prior to permit issuance on November 27, 2012, thru the installation of the required totalizing flow meter in August 2024.

Based on FOF 13, the Department has determined that the permit holder had made an investment, which provides evidence of good cause and reasonable diligence towards the application of water to a beneficial use, enough to provide a limited extension of time to allow for the installation of the required totalizing flow meter within the time authorized under the permit extension.

Reasonable Diligence of the Appropriator [OAR 690-315-0040(2)(a)]

The Application provides minimal evidence of progress towards completion of the water system; a financial investment has been made; the permit holder has not demonstrated compliance with all permit conditions, and; beneficial use has not been demonstrated. The Department has determined the applicant has demonstrated the minimum necessary for the Department to find reasonable diligence towards application of water to a beneficial use. However no work has been completed and no investment had been made in the fourteen years since the permit was issued until August 2024, with the installation of the totalizing flow meter.

The Market and Present Demands for Water [OAR 690-315-0040(4)(a-f)]

The Department's determinations of market and present demand for water or power to be supplied shall consider the requirements set forth under OAR 690-315-0040(4)(a-f). In accordance with OAR 690-315-0040(4), the Department shall consider, but is not limited to, the following factors when determining the market and the present demand for water or power to be supplied:

- *(a) The amount of water available to satisfy other affected water rights and scenic waterway flows;*
- *(b) Special water use designations established since permit issuance, including but not limited to state scenic waterways, federal wild and scenic rivers, serious water management problem areas or water quality limited sources established under 33 U.S.C. 1313(d);*
- *(c) The habitat needs of sensitive, threatened or endangered species, in consultation with the Oregon Department of Fish and Wildlife;*
- *(d) Economic investment in the project to date;*
- *(e) Other economic interests dependent on completion of the project; and*
- *(f) Other factors relevant to the determination of the market and present demands for water and power.*

OAR 690-315-0040(4)(a)

The amount of water available to satisfy other affected water rights and scenic waterway flows.

15. A review of the amount of water available to satisfy other affected water rights and scenic waterway flows was determined at the time of issuance of Permit R-14952; furthermore, water availability for other affected water rights and scenic waterway flows after the permit was issued is determined when an application for a new water right is submitted.
16. Current Water Availability Analysis for Saly Creek, (Tributary to/of Yamhill River) at the mouth (watershed ID 73562) show that no water is available during the months of July, August, September, and October at the 50% exceedance level.

OAR 690-315-0040(4)(b)

Special water use designations established since permit issuance, including but not limited to state scenic waterways, federal wild and scenic rivers, serious water management problem areas or water quality limited sources established under 33 U.S.C. 1313(d).

17. The points of diversion are located on tributaries to/of Spring Valley Creek, and are not located within a Withdrawn Area.
18. Valley Creek is not located within or above a/the state or federal scenic waterway.
19. The points of diversion are not in a location listed by the Department of Environmental Quality as a water quality limited stream.

OAR 690-315-0040(4)(c)

The habitat needs of sensitive, threatened or endangered species, in consultation with the Oregon Department of Fish and Wildlife.

20. Spring Valley Creek is located within an area ranked “high” for stream flow restoration needs as determined by the Department in consultation with the Oregon Department of Fish and Wildlife, and is located within a Sensitive, Threatened or Endangered Fish Species Area as identified by the Department in consultation with Oregon Department of Fish and Wildlife.

OAR 690-315-0040(4)(d)

Economic interests dependent on completion of the project.

21. An approximate total of \$53,000 has been invested in the project.

OAR 690-315-0040(4)(e)

Other economic interests dependent on completion of the project.

22. The Application states, “Any vendor, land management company, consultant, and/or wine consumer could be impacted by the completion of this project.
23. The Application does not identify any additional interests that are directly affected by the completion of the project.

OAR 690-315-0040(4)(f)

Other factors relevant to the determination of the market and present demand for water and power.

24. No other factors relevant to the determination of the market and present demand for water and power have been identified.

Fair Return Upon Investment [OAR 690-315-0040(2)(f)]

25. The use and income from the permitted water development will likely result in reasonable returns upon the investment made to date.

Other Governmental Requirements [OAR 690-315-0042(2)(g)]

26. Delay in the development of this project that was caused by other governmental requirements have not been identified.

Unforeseen Events [OAR 690-315-0040(2)(h)]

27. The Application asserts that the COVID-19 virus caused delays and issues, and the permit holder purchased the property in 2013.

The Department has determined that the unforeseen events identified in the Application are not reasonable because; 1) the COVID-19 Pandemic did not begin until two years past the date for complete application of water as stated in the permit, and 2) acquisition of the property after the issuance of the permit, and prior to the completion date prescribed by the permit, does not constitute an unforeseen event.

Denial of an Extension Would Result in Undue Hardship [OAR 690-315-0040(2)(i)]

28. The Application asserts an undue hardship would result from a denial of the extension of time, in part because additional water is needed for irrigation.

Good Faith of the Appropriator [OAR 690-315-0040(2)(c)]

29. The Application provides evidence of good faith of the appropriator under Permit R-14952.

Based on FOF 6, 10, 11, 12, 13, and 21, the Department has determined that the applicant has shown good faith and reasonable diligence, enough to allow for a limited extension of time so the installation of the totalizing flow meter within the time authorized.

Duration of Extension [OAR 690-315-0040(1)(c)]

Under OAR 690-315-0040(1)(c), in order to approve an extension of time for water use permits the Department must find that the time requested is reasonable and the applicant can complete the project within the time requested.

30. As of November 26, 2024, the permit holder states the remaining work to be completed consists of completing construction Zena Heights Reservoir 1, and storing the remaining authorized volume of water.

Given the minimal diligence in the development of the use authorized under the permit, the Department has determined that the permit holder's request to have until October 1, 2027, to complete construction of the water system and to accomplish the application of water to beneficial use under the terms and conditions of Permit R-14952 is not reasonable, as no work has been done and no investment has been made in the development of additional storage authorized under the permit since prior to permit issuance. The Department has determined an extension of time to June 30, 2025, is sufficient to provide time for the required totalizing flow meter to be installed, and enough time to demonstrate legal storage of water under Permit R-14592.

Good Cause [OAR 690-315-0040(1)(d)]

The Department must find that there is "good cause" to approve the extension. In making a "good cause" finding, the Department shall consider the requirements set forth under OAR 690-315-0040(2).

The Department has considered the reasonable diligence and good faith of the appropriator, the cost to appropriate and apply water to a beneficial purpose, the market and present demands for

water to be supplied, the financial investment made and fair and reasonable return upon the investment, the requirements of other governmental agencies, and unforeseen events over which the permit holder had no control, whether denial of the extension will result in undue hardship to the applicant and whether there are no other reasonable alternatives for meeting water use needs, any other factors relevant to a determination of good cause, and has determined that the applicant has shown that good cause exists for an extension of time to complete construction and apply water to full beneficial use pursuant to OAR 690-315-0040(1)(d).

LIMITATIONS AND CONDITIONS

1. OAR 690-315-0050(5) provides for extension orders to include, but are not limited to, any condition or provision needed to ensure future diligence, and/or mitigate the effects of the subsequent development on competing demands on the resource. Based on FOF 9, 12, 13, 14, 29, and 30, the Department determined the need to place a “Development Limitation” on this extension of time. This condition, specified under Item 1 of the “Conditions” section of this PFO, was determined to be necessary because no work towards the development of the reservoir since prior to permit issuance.

CONCLUSIONS OF LAW

1. The Applicant has submitted a complete extension application form and the fee specified in ORS 536.050, as required by OAR 690-315-0040(1)(a).
2. The Applicant complied with construction timeline requirements to begin construction as required by ORS 537.230, OAR 690-315-0040(1)(b) and OAR 690-315-0040(5).
3. Based on Finding of Facts 6, through 30, completion of construction and application of water to beneficial use can be accomplished by June 30, 2025³, as required by OAR 690-315-0040(1)(c).
4. The Applicant can complete the project within the time period requested for the extension on the project, but the extension is conditioned to ensure diligence, and is granted only for the reasonable time necessary to complete water development and apply water to beneficial use. OAR 690-315-0050(5).
5. The Applicant has demonstrated good cause for the extension, but the extension must be conditioned to ensure this is the last extension granted in order to ensure future diligence; OAR 690-315-0050(5).

³Pursuant to ORS 537.230(5), upon the completion of beneficial use of water allowed under the permit, the permittee shall hire a certified water rights examiner to survey the appropriation. Within one year after the complete application of water to a beneficial use (or by the date allowed for the complete application of water to a beneficial use), the permittee shall submit a map of the survey and a new or revised claim of beneficial use as deemed appropriate by the Department.

PROPOSED ORDER

Based upon the foregoing Findings of Fact and Conclusions of Law, the Department proposes to issue an order to:

Extend the time to complete construction of the water system under Permit R-14952 from November 27, 2017, to June 30, 2025.

Extend the time to apply water to beneficial use under Permit R-14952 from November 27, 2017, to June 30, 2025.


Subject to the following conditions:

LIMITATIONS AND CONDITIONS

1. Development Limitation

The storage of water under Permit R-14952 is limited to no more than 3.9 AF of water.

DATED: February 25, 2025


Dwight French, Administrator
Water Right Services Division

*If you have any questions,
please check the information
box on the last page for the
appropriate names and
phone numbers.*

Protests

Pursuant to OAR 690-315-0060(1), the applicant or any other person adversely affected or aggrieved by the proposed final order may submit a written protest to the proposed final order. Protests must be received by the Water Resources Department no later than **April 11, 2025**, at this address: Oregon Water Resources Department, Water Right Services Division, 725 Summer St NE, Suite A, Salem, OR 97301-1266. Protests may not be submitted by electronic mail. OAR 690-002-0025(3).

Protests must be in writing and include all of the following:

- The name, address, and telephone number of the protestant
- A detailed description of the protestant's interest in the proposed final order, and, if the protestant claims to represent the public interest, a precise statement of the public interest represented

- A detailed description of how the action proposed in the proposed final order would impair or be detrimental to the protestant's interest
- A detailed description of how the proposed final order is in error or deficient, and how to correct the alleged error or deficiency
- If the applicant protests, a statement of whether a hearing is requested
- Citation of legal authority supporting the protestant, if known
- Proof of service of the protest on the water right permit holder, if protestant is other than the water right permit holder, and
- If you are the applicant, the protest fee of \$480 required by ORS 536.050; and
- If you are not the applicant, the protest fee of \$950 required by ORS 536.050.

Within 60 days after the close of the period for requesting a contested case hearing, the Director shall either issue a final order on the extension request, or schedule a contested case hearing if a protest has been submitted, and, upon review of the issues, the Director finds there are significant disputes related to the proposed agency action; or, the applicant submits a written request for a contested case hearing within 30 days after the close of the period for submitting protests. The hearing will be conducted as provided in Oregon Revised Statutes (ORS) Chapter 183, and Oregon Administrative Rules (OAR) 137-003-0501 to 137-003-0700.

If the applicant does not request a hearing within 30 days after the close of the protest period, or if the request for a hearing is withdrawn, or the Department or the administrative law judge is notified that the protestant will not appear, or the protestant fails to appear, at a scheduled hearing, the Director may issue a Final Order by default. If the Director issues a Final Order by default, the Department designates the relevant portions of its files on this matter, including all materials submitted relating to this matter, as the record for purpose of proving a *prima facie* case upon default.

A party may be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited financial resources. Generally, partnerships, corporations, associations, governmental subdivisions or public or private organizations are represented by an attorney. However, consistent with OAR 690-002-0020 and OAR 137-003-0555, an agency representative may represent a partnership, corporation, association, governmental subdivision or public or private organization if the Department determines that appearance of a person by an authorized representative will not hinder the orderly and timely development of the record in this case.

Notice Regarding Servicemembers: Active-duty service members have a right to stay proceedings under the federal Servicemembers Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 800-452-8260, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>.

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- If you have any questions about statements contained in this document, please contact Jeffrey D. Pierceall at (503) 979-3213.
 - If you have questions about how to file a protest or if you have previously filed a protest and you want to know the status, please contact Will Davidson at 503-507-2749.
 - If you have any questions about the Department or any of its programs, please contact our Water Resources Customer Service Group at 503-986-0801.
 - Address any correspondence to : Water Right Services Division
725 Summer St NE, Suite A
Fax: 503-986-0901 Salem, OR 97301-1266
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