

**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 S-55207, Water Right Application S-86936 ) FINAL  
in the name of Gary Young, Blue Mountain Ranch ) ORDER

---

**Permit Information**

Application:	S-86936
Permit:	S-55207
Basin:	Deschutes / Watermaster District 24
Date of Priority:	July 9, 2007
Source of Water:	Beaver Creek East Reservoir, constructed under Permit R-15322, and Beaver Creek West Reservoir, constructed under Permit R-15250, tributaries to Beaver Creek
Purpose or Use:	primary irrigation of 39.0 acres and supplemental irrigation of 333.8 acres
Maximum Volume:	100.0 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 apply water to full beneficial use from May 22, 2024, to October 1, 2030.<sup>1</sup>
- 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.

---

<sup>1</sup> 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 May 22, 2019 Permit S-55207 was issued by the Department. The permit authorizes the use of up to 100.0 AF of water from the Beaver Creek East Reservoir, constructed under Permit R-15322, and Beaver Creek West Reservoir, constructed under Permit R-15250, tributaries to Beaver Creek, for primary irrigation of 39.0 acres and supplemental irrigation of 333.8 acres. The permit specified construction was to begin and complete application of water was to be made within five years from the date of permit issuance, being May 22, 2024.

2. On February 11, 2026, Susan Teskey, member of Blue Mountain Ranch, submitted an “Application for Extension of Time” (Application) to the Department, requesting the time to apply water to full beneficial use under the terms and conditions of Permit S-55207 be extended from May 22, 2024, to October 1, 2030. This is the first permit extension requested for Permit S-55207.
3. On February 17, 2026, notification of the Application for Permit S-55207 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)]**

4. On February 11, 2026, 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)]**

5. According to the application, construction of Beaver Creek East Reservoir began October 2021. Beaver Creek East Reservoir is a source authorized for use under Permit S-55207.

The Department has determined the permit holder began construction prior to May 22, 2024.

**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.<sup>2</sup>*

6. During the original development time frame under Permit S-55207, work was accomplished towards the development of Beaver Creek East Reservoir. No work towards the construction or development of Beaver Creek West Reservoir has been identified.

The Application provides evidence that progress of physical work, enough to qualify as the minimum necessary, has been made towards completion of the water system for the Department to find good cause and reasonable diligence towards complete application of water to a beneficial use.

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

*The water right permit holder's conformance with the permit conditions.*

7. The record does not show compliance with all permit conditions has been demonstrated.

The Department has determined that the permit holder has not demonstrated compliance with all permit conditions as required by Permit S-55207. The Department recognizes that it is the intent of the permit holder to comply with permit conditions at the time they become applicable, including the requirement to install fish screen and by-pass devices prior to the use of water, or to obtain documentation that the fish screens and by-pass devices are not required.

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

*The amount of beneficial use made of the water during the permit time limits.*

8. No water has been used under Permit S-55207 because no water has been stored in Beaver Creek East Reservoir, or Beaver Creek West Reservoir.

The Department has determined that beneficial use of water has not been demonstrated under Permit S-55207.

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

9. According to the Application, an investment of approximately \$44,900 has been made. The costs included the original permit application fees, protests and legal fees, costs associated with the cost of the original permit application, and the costs of equipment purchased, but not yet installed. These items are not considered costs associated with construction under this permit and therefore are not counted towards development. After deducting these costs, the approximate total investment for "actual construction" to date

---

<sup>2</sup> "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.

is approximately \$24,600 which is about 8 percent of the total projected cost for complete development of this project. An additional \$267,700 investment is needed to complete this project, which includes completing construction of the irrigation system.

The Department has determined that the permit holder has made an investment, which provides evidence of good cause and reasonable diligence towards the complete application of water to a beneficial use.

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

The Application provides 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 complete application of water to a beneficial use.

**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.**

10. 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 S-55207; 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.

**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).

11. The point of diversion is located on Beaver Creek, a tributary of Crooked River, and is not located within a Withdrawn Area.
12. Beaver Creek, a tributary of Crooked River is located above the Deschutes Scenic Waterway.
13. The point of diversion is in a location listed by the Department of Environmental Quality as a water quality limited stream.
  - a. Beaver Creek, River Mile 0 to 20 listed under Water Quality Limited for dissolved oxygen.

**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.

14. Beaver 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.

15. An approximate total of \$24,600 has been invested in the project.

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

Other economic interests dependent on completion of the project.

16. Other economic interests dependent on the completion of the project have not been identified.

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

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

17. 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)]**

18. 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)]**

19. The Application asserts:

“The ranch owners submitted the Permit Application to OWRD on July 9, 2007. OWRD did not issue the Permit until May 22, 2019, which is a governmental delay of 12 years.”

A review of the record indicates that though the permit application was submitted on July, 9, 2007, the approval of the permit was contingent on the issuance of permits for Applications R-86934, and R-86935. Final Orders incorporating a settlement agreement for Applications R-86934, and R-86935 was issued April 14, 2011. The Final Order for Application R-86934 required approval of dam plans and specifications, and submittal of the permit recording fee. The permit holder was granted a series of Administrative Holds to provide time for engineering and plans to be developed and submitted. In 2013, the Department approved plans and specifications. On August 23, 2017, the Department sent a reminder to the permit holder that the outstanding recording fees were still needed to issue a permit for Application R-86934. On March 22, 2018, the permit holder submitted the required recording fee, and on April 11, 2018, the Department issued Permit R-15322.

The Department has determined, based on a review of the record, that the time elapsed between when the permit applications were submitted, to when the permits were issued, does not qualify as an additional governmental requirement as the delay was directly caused by the applicant’s numerous requests for administrative holds to provide time to develop and submit plans for Application R-86934.

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

20. The Application states:

In the Winter of 2015, the owners' paternal grandfather became ill; he passed away in August of 2015. As the patriarch of their family, it was a difficult loss and a stressful time for the family and for the Ranch's business. Following his death, the Ranch owners' energy was focused on burying their grandfather, moving their grandmother to Arizona, handling the ensuing estate issues, and managing the change in family & Ranch operations dynamics. The time and finances that had been planned to be allocated towards on structing East Reservoir, developing other Ranch water rights Permits, and executing other Ranch projects, was redirected in the summer, fall, and winter of 2015 while the Ranch owners managed the circumstances and fallout after the death of their grandfather.

In January of 2016, the two primary owners of the Ranch (brother and sister Aaron Young and Sarah Teskey) reached the difficult and sensitive decision to enact a buyout agreement wherein Sarah would purchase Aaron's individual interest. This process consumed all the emotional financial and administrative energy of those involved in the Ranch business for the entire 2016 year. The Ranch maintained basic operations during this transition but there was little time attention or manpower remaining for completion of water right-related improvements, or for seeking new financing, and scant finances were available for investing in water rights-related projects, including construction of East Reservoir.

Beginning in late 2016, the Ranch owners were making tremendous progress with on-Ranch improvements, including water rights related improvements. Unfortunately, the 2020 Pandemic and associated restrictions slowed that progress. In addition, beef prices fluctuated wildly as a result of COVID, which increased the difficulty in accurately budgeting for reservoir construction and other water right permit development tasks. As noted earlier in this Extension Application, Pump Station #1 was constructed in the Fall of 2021, piping was installed connecting Pump Station #1 to the East Reservoir location, and the keyway trench excavation was worked on in the summer of 2022 and the summer of 2023. However, insufficient time and financing were available to complete construction of East Reservoir and the related irrigation system.

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

21. The Application indicates that a denial would result in an undue hardship, and there are no other reasonable alternatives to meet the need.

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

22. The Application provides evidence of good faith of the appropriator under Permit S-55207.

Based on FOF 5, 6, 9, and 15, the Department has determined that the applicant has shown good faith and reasonable diligence.

**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.*

23. As of February 11, 2026, the permit holder states the remaining work to be completed consists of completing construction of the water system and applying water to full beneficial use.

Given the amount of development left to occur, the Department has determined that the permit holder's request to have until October 1, 2030, to accomplish the application of water to

beneficial use under the terms and conditions of Permit S-55207 is both reasonable and necessary.

**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, and 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. The Department determined the need to place a “Water Use Condition” on this extension of time in order to ensure diligence is exercised in the development and perfection of water use permit. This condition, specified under Item 1 of the “Conditions” section of this PFO, was determined to be necessary because no beneficial use of water use under the terms and conditions of the permit has been made since the 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 5 through 22, application of water to beneficial use can be accomplished by October 1, 2030<sup>3</sup>, as required by OAR 690-315-0040(1)(c).

---

<sup>3</sup>Pursuant 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.

4. The Applicant can complete the project within the time period requested for the extension on the project.
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).

## 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 apply water to beneficial use under Permit S-55207 from May 22, 2024, to October 1, 2030.

Subject to the following conditions:

## LIMITATIONS AND CONDITIONS

### 1. Water Use Condition

If no water is applied to beneficial use under the terms and conditions of Permit S-55207 on or before October 1, 2030, this will be the be the last extension of time granted for Permit S-55207. Any future extensions of time request will be denied, unless the permit holder can provide the Department with evidence that beneficial use of the water is shown during this extension period. In addition, all normal extension standards and rules will be evaluated. ORS 539.010(5); OAR 690-315-0040.

DATED: March 31, 2026



Katherine Ratcliffe  
Water Right Services Division Administrator, for  
Ivan Gall, Director  
Oregon Water Resources Department

*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 **May 15, 2026**, 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 \$720 required by ORS 536.050; and
- If you are not the applicant, the protest fee of \$1,425 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 971-453-1175, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>.

- 
- 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  
Salem, OR 97301-1266  
Fax: 503-986-0901
-