

**Final Order Incorporating Settlement Agreement
Extension of Time for Permit Number G-12439**

Application History

The Department issued permit number G-12439 on July 31, 1996. The permit called for completion of construction by October 1, 1997, and complete application of water to beneficial use by October 1, 2000. On May 7, 2003, Denis G. and Rose M. Babson submitted an application to the Department for an extension of time for permit number G-12439. In accordance with OAR 690-315-0050(2), on November 30, 2004, the Department issued a Proposed Final Order proposing to extend the time to fully apply water to beneficial use to October 15, 2005, subject to conditions. The protest period closed January 14, 2005, in accordance with OAR 690-315-0060(1). A protest was filed by Denis G. and Rose M. Babson, Trustees for the Babson Family Trust. As a result of an assignment, the current permit holders are Anne Talbott, Joan Moeller, and Marcia Barthelow.

As a result of settlement negotiations, the Department has determined that the time to fully apply water to beneficial use should be extended to October 1, 2006.

At time of issuance of the Proposed Final Order the Department concluded that, based on the factors demonstrated by the applicant, the permit may be extended subject to the following conditions:

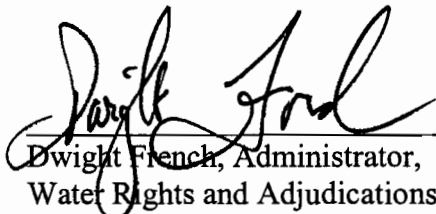
1. Effective March 1, 2006, ground water use under this permit can occur only when:
 - a. Use is consistent with a critical ground water area order that has been issued by the Oregon Water Resources Department; or
 - b. Unless use is made consistent with a critical ground water area order, use occurs only when the ground water elevation at Bonanza Big Springs Park well KLAM 50318 (well tag number 101119) as constructed in June 1996 is greater than or equal to 0.50 feet higher than the Lost River surface water elevation as measured at the stilling well at Bonanza Big Springs Park; or
 - c. Unless use is made consistent with a critical ground water area order, the Department, using available data, shows ground water use does not reduce Bonanza Big Springs flow.
2. Any use of water under the terms and conditions of this permit shall continue to be

subject to regulation in favor of senior surface or ground water rights.

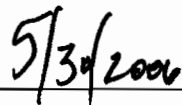
The applicant has demonstrated good cause for the permit extension pursuant to ORS 537.630, 539.010(5) and OAR 690-315-0040(2). A Settlement Agreement was signed by all parties as of May 17, 2006. The Settlement Agreement is incorporated into this Final Order and is attached hereto.

Order

The extension of time for Application Number G-12507, Permit Number G-12439, therefore, is approved as conditioned herein. The deadline for applying water to full beneficial use is extended to October 1, 2006.



Dwight French, Administrator,
Water Rights and Adjudications Division
for
Phillip C. Ward, Director
Oregon Water Resources Department
725 Summer St. NE, Suite A
Salem, OR 97301



Date

If you have any questions about statements contained in this document, please contact Mike Reynolds at (503) 986-0820.

If you have other questions about the Department or any of its programs, please contact our Water Resources Customer Service Group at (503) 986-0900.

NOTE: Include a copy of the "Important Notice" document along with the original copy of the Final Order being sent to the permit holder.

Mailing List for Extension FO Copies

Application #G-12507
Permit #G-12439

FO Date May 30, 2006

Original mailed to:

Anne Talbott
2310 Waverly
Palo Alto, CA 94301

Joan Moeller
566 Lowell Ave.
Palo Alto, CA 94301

Marcia Barthelow
4353 N.E. 55th St.
Seattle, WA 98105

Copies Mailed

By: ALS
(SUPPORT STAFF)

on: 5/31/06
(DATE)

For Extension FO's - Copies sent to:

1. WRD - Application File G-12507, Permit G-12439
2. WRD - Watermaster District #17 Vern Church
3. WRD - Regional Manager (NOT SCR): Kyle Gorman
4. ODFW - Biologist District: #9 Roger Smith, Klamath Falls
5. DEQ - Regional Office: Eastern Region Dick Nichols
6. WRD - Support Staff, Salem...*Permit record update*

Other interested parties:

7. Bureau of Reclamation, Attn: Cecil Lesley, 6600 Washburn Way, Klamath Falls, OR 97603

CASEWORKER: **LJJ**