



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1271
503-986-0900
FAX 503-986-0904

MINERAL VALLEY, LLC
PO BOX 5075
BRIDGEPORT, OR 97819

April 30, 2010

Reference: File G-17310

Dear Applicant:

**THIS IS NOT A PERMIT AND IS
SUBJECT TO CHANGE AT THE NEXT PHASE OF PROCESSING.**

This letter is to inform you of the preliminary analysis of your water use permit application and to describe your options. In determining whether a water use permit application may be approved, the Department must consider the factors listed below, all of which must be favorable to the proposed use if it is to be allowed. Based on the information you have supplied, the Water Resources Department has made the following preliminary determinations:

Initial Review Determinations:

1. The application proposed the use of 1.0 cubic foot per second (CFS) of water from a well (MALH 007) in Basin Creek Basin for mining use from March 1 through December 31.

Based on application materials submitted, we understand that you will use ground water from a well (MALH 007) for off-stream placer-gold mining. You will utilize a 10,000 gallon capacity storage tank near the well, then pump the water from the tank to processing ponds at both the French Gulch Plant Site located in NWNE, Section 20, Township 13 South, Range 42 East, W.M. and the California Gulch Plant Site located in NESW, Section 21, Township 13 South, Range 42 East, W.M. Once mining is completed at the French Gulch and California Gulch sites, you will mine on all areas of the property by utilizing portable wash plants.

2. The proposed use is not prohibited by law or rule except where otherwise noted below.
3. The use of water from a well (MALH 007) in Basin Creek Basin for mining use is allowable under the Malheur Basin Program on the condition that any effluents and/or return flows from the mining operation not interfere with other beneficial uses of water (Oregon Administrative Rules 690-510-0020).
4. Ground water will likely be available in the amounts requested without injury to prior rights and within the capacity of the resource.

The Department has determined, based upon OAR 690-009, that the proposed ground water use will not have the potential for substantial interference with any surface water source.

5. You are encouraged to contact Malheur County as you may need to obtain authorization to cross Mormon Basin/Rye Valley County Road.

Summary of Initial Determinations

The use of 1.0 CFS of water from a well (MALH 007) in Basin Creek Basin for mining is allowable during the full period requested, March 1 through December 31.

Because of these favorable determinations, the Department can now move your application to the next phase of the water-rights application review process, where public interest factors will be evaluated.

Please reference the application number when sending any correspondence regarding the conclusions of this initial review. Comments received within the comment period will be evaluated at the next phase of the process.

To Proceed With Your Application:

If you choose to proceed with your application, you do not have to notify the Department. Your application will automatically be placed on the Department's Public Notice to allow others the opportunity to comment. After the comment period the Department will complete a public interest review and issue a Proposed Final Order.

Withdrawal Refunds:

If you choose not to proceed, you may withdraw your application and receive a refund (minus a \$200 processing charge per application). To accomplish this you must notify the Department in writing by **Friday, May 14, 2010**. For your convenience you may use the enclosed "STOP PROCESSING" form.

If A Permit Is Issued It Will Likely Include The Following Conditions:

1. Measurement, recording and reporting conditions:
 - A. 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 appropriation. The permittee shall maintain the meter or measuring device in good working order.
 - B. The permittee shall keep a complete record of the amount of water used each month, and shall submit a report which includes the recorded water use measurements to the Department 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.
 - C. The permittee shall allow the watermaster access to the meter or measuring device; provided however, where any meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.

- D. The Director may provide an opportunity for the permittee to submit alternative measuring and reporting procedures for review and approval.
2. Prior to using water from any well listed on this permit, the permittee shall ensure that the well has been assigned an OWRD Well Identification Number (Well ID tag), which shall be permanently attached to the well. The Well ID shall be used as a reference in any correspondence regarding the well, including any reports of water use, water level, or pump test data.
 3. Any effluents or return flows from use under this permit shall not interfere with other beneficial uses of water.
 4. The water user shall install and maintain adequate treatment facilities meeting current DEQ requirements to remove sediment before returning the water to the stream.

The water source identified in your application may be affected by an Agricultural Water Quality Management Area Plan. These plans are developed by the Oregon Department of Agriculture (ODA) with the cooperation of local landowners and other interested stakeholders, and help to ensure that current and new appropriations of water are done in a way that does not adversely harm the environment. You are encouraged to explore ODA's Water Quality Program web site at http://www.oregon.gov/ODA/NRD/water_agplans.shtml to learn more about the plans and how they may affect your proposed water use.

If you have any questions:

Feel free to call me at 503-986-0816 if you have any questions regarding the contents of this letter or your application. Please have your application number available if you call. General questions about water rights and water use permits should be directed to our customer service staff at 503-986-0801. When corresponding by mail, please use this address: Kerry Kavanagh, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1266. Our fax number is 503-986-0901.

Sincerely,



Kerry Kavanagh
Water Right Application Caseworker

enclosures: Application Process Description and Stop Processing Request Form

G-17310
WAB 10-no psi
POU 10-no psi
GW

APPLICATION FACT SHEET

Application File Number: G-17310

Applicant: MINERAL VALLEY, LLC

County: Malheur

Watermaster: 9

Priority Date: February 10, 2010

Source: MALH 007 IN BASIN CREEK BASIN

Use: MINING

Quantity: 1.0 CUBIC FOOT PER SECOND

Basin Name & Number: Malheur, #10

Stream Index Reference: Volume 2 BASIN CR & MISC

Well Location: NENW, SECTION 20, T13S, R42E, W.M.; 170 FEET SOUTH AND 2550 FEET EAST FROM NW CORNER, SECTION 20

Place of Use: SE $\frac{1}{4}$ SW $\frac{1}{4}$
SW $\frac{1}{4}$ SE $\frac{1}{4}$
SECTION 17

NE $\frac{1}{4}$ NE $\frac{1}{4}$
NW $\frac{1}{4}$ NE $\frac{1}{4}$
SW $\frac{1}{4}$ NE $\frac{1}{4}$
SE $\frac{1}{4}$ NE $\frac{1}{4}$
NE $\frac{1}{4}$ NW $\frac{1}{4}$
NW $\frac{1}{4}$ NW $\frac{1}{4}$
SE $\frac{1}{4}$ NW $\frac{1}{4}$
NE $\frac{1}{4}$ SE $\frac{1}{4}$
SE $\frac{1}{4}$ SE $\frac{1}{4}$
SECTION 20

NW $\frac{1}{4}$ NW $\frac{1}{4}$
SW $\frac{1}{4}$ NW $\frac{1}{4}$
SE $\frac{1}{4}$ NW $\frac{1}{4}$
NE $\frac{1}{4}$ SW $\frac{1}{4}$
NW $\frac{1}{4}$ SW $\frac{1}{4}$
SECTION 21

TOWNSHIP 13 SOUTH, RANGE 42 EAST, W.M.

14 DAY STOP PROCESSING DEADLINE DATE: Friday, May 14, 2010

PUBLIC NOTICE DATE: Tuesday, May 4, 2010

30 DAY COMMENT DEADLINE DATE: Thursday, June 3, 2010

Mailing List for IR Copies

Application #G-17310

IR Date: April 30, 2010

Original mailed to applicant:

MINERAL VALLEY, LLC
PO BOX 5075
BRIDGEPORT, OR 97819

Copies sent to:

1. WRD - File # G-17310
2. WRD - Water Availability: Ken Stahr

IR, Map, and Fact Sheet Copies sent to:

3. WRD - Regional Manage: EASTERN
4. WRD - Watermaster # 9

Copies Mailed By: _____ (SUPPORT STAFF) on: _____ (DATE)
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Affected Landowners (include "Notice of Initial Review--Affected Landowner"):

5. Malheur County Road Department, 251 B Street West, #8, Vale, OR 97918

Copies sent to Other Interested Persons (CWRE, Agent, Well Driller, Commenter, etc.)

6. William R Darden, CWRE #9420
7. Janet Alexander, PO Box 153, Unity, OR 97884
8. Oregon Department of Geology and Mineral Industries,
Mineral Land Regulation and Reclamation Program,
229 Broadalbin Street SW, Albany, OR 97321
9. Oregon Department of Environmental Quality, Water Quality Division,
Eastern Region Office, 700 SE Emigrant Avenue, #330, Pendleton, OR 97801

Caseworker: Kerry Kavanagh

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