Kerry Kavanagh

From:

Filippi, David [DEFILIPPI@stoel.com]

Sent:

Friday, June 10, 2011 12:55 PM

To:

kerry.l.kavanagh@state.or.us

Cc:

Tom Paul

FW: Letter to Tom Paul (as relevant to IR for S-87342)

Attachments: 2011-05-09 Letter to Tom Paul at OWRD.pdf; S-87342 IR.pdf

Hello Kerry,

Subject:

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JUN 1 0 2011

WATER RESOURCES DEPT SALEM, OREGON

Per our discussion, please see attached letter. As we discussed, we will plan to file comments on the IR by the 7/7/11 deadline, but we are also hoping that the Department will have articulated its policy with respect to "thin water" storage use before that time. (Tom, I've highlighted in the attached IR where the application of the "thin water" policy is very much relevant to the review of this particular application.)

Thank you and have a good weekend.

David.

David E. Filippi

Stoel Rives LLP | 900 SW Fifth Ave., Suite 2600 | Portland, OR 97204

Direct: (503) 294-9529 | Fax: (503) 220-2480 | defilippi@stoel.com | www.stoel.com

From: Filippi, David

Sent: Monday, May 09, 2011 4:33 PM **To:** thomas.j.paul@wrd.state.or.us **Subject:** Letter to Tom Paul

Tom,

Please see the attached letter. Thank you.

David.

David E. Filippi

Stoel Rives LLP | 900 SW Fifth Ave., Suite 2600 | Portland, OR 97204

Direct: (503) 294-9529 | Fax: (503) 220-2480 | defilippi@stoel.com | www.stoel.com

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JUN. 1 0 2011

WATER RESOURCES DEPT SALEM, OREGON 900 S.W. Filth Avenue, Suite 2600 Portland, Oregon 97204 main 503,224 3380 fax 503 220,2480 www.stoel.com

May 9, 2011

David E. Filippi Direct (503) 294-9529 defilippi@stoel.com

VIA ELECTRONIC MAIL

Mr. Thomas J. Paul Oregon Water Resources Department 725 Summer Street NE, Suite A Salem, OR 97301-1271

Re: Water Right Applications R-86762, R-86763, S-86764, R-86760, S-86761, S-86759, R-86143, R-86144, R-86145, S-87342, R-85954, S-85955, S-86175, S-81071

Dear Tom:

Per our discussion on Friday afternoon, we represent the applicants for the above-referenced applications. Collectively, these applicants are either owned or controlled by our client, Premier Pacific Vineyards, Inc. ("PPV"), and/or PPV is responsible for managing the lands to which the water rights would otherwise be appurtenant. We have been told that the Department has recently adopted, or is considering adopting, a new policy regarding the use of "thin water" that applies to applications for new water rights. We understand that no written policy exists, but staff at the Department have confirmed that such a policy is being implemented to representatives of the applicants for the applications listed above. As we understand the new policy, the Department intends to deny applications for secondary water rights to use stored water for the purpose of irrigation or supplemental irrigation unless the amount of legally stored water is sufficient to provide 2.5 acre-feet of water per acre to each acre identified for irrigation in the respective application. This policy is inconsistent with Oregon water law and with the Department's past practice. It is also contrary to the Department's stated policies and objectives regarding the use of water in the Willamette Basin.

This letter explains the practical effect of the Department's policy on our client, PPV, which filed the above-referenced water right applications based on the advice of Department staff prior to the adoption of the new thin water policy. This letter will also explain why the policy is inconsistent with Oregon water law, provide examples of how the policy is inconsistent with the Department's past practice, and identify ways in which the policy is inconsistent with the Department's stated policies and objectives. We request that the Department proceed to issue permits or certificates for the water right applications identified in the subject line of this letter, which would be consistent with the favorable initial reviews and, in some instances, final orders

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Mr. Thomas J. Paul May 9, 2011

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WATER RESOURCES DEPT SALEM, OREGON

the Department has already issued for many of these applications. If the Department is not prepared to continue processing these application without applying the new thin water policy, we request a meeting with you to explain why the Department should abandon the policy.

A. PPV submitted these water right applications based on the Department's advice.

PPV owns several independent legal entities, each of which owns a separate vineyard. This letter relates to water right applications associated with six of these vineyards. The six vineyards are divided into two groups. The first group is comprised of Popcorn Hill Vineyard LLC, Eagle Crest Vineyard LLC, and Gibson Ridge Vineyard LLC (the "PEG Vineyards"). The second group is comprised of Zena Heights Vineyard, Middle Zena Vineyard, and Bethel Hill Vineyard (the "Zena Vineyards"). Each vineyard has at least one reservoir that can be used to store water for use on that vineyard. Most of these reservoirs already have certificated storage rights. Each vineyard has also applied for or obtained water rights to use direct flow and/or stored water from the reservoir located on the vineyard for the purpose of primary or supplemental irrigation on the vineyard where the reservoir is located.

To increase the reliability of the water supply for each vineyard, PPV wanted to have the ability to use water from any of the reservoirs to supply stored water for the purpose of supplemental irrigation on each of the other two vineyards within the same group. In 2006, Joseph Richards, who was working on behalf of PPV, discussed with staff from the Department the best way to secure the necessary water rights. PPV followed the recommendations of Department staff and submitted the necessary water right applications. For example, PPV submitted an application to use the water from a reservoir located on Eagle Crest Vineyard for the purpose of supplemental irrigation on Popcorn Hill Vineyard and Gibson Ridge Vineyard. See Application S-86761 (proposing to use 0.20 cubic feet per second ("cfs") direct flow and 3.0 acre-feet of stored water for irrigation of 50.0 acres and supplemental irrigation of 197.71 acres, with all acres included within the PEG Vineyards).

Even though PPV completed its water right applications based on the advice of Department staff, the Department has refused to issue a permit for these supplemental irrigation rights based on the new thin water policy. Similar applications for each vineyard are in various stages of processing within the Department, but it appears that many of these applications will be affected by the Department's thin water policy. The Department should be estopped from implementing the recently adopted, unwritten policy to deny water rights applications when the applicant has relied on the Department's advice and past practice in applying for the water rights.

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Mr. Thomas J. Paul May 9, 2011 Page 3 JUN. I 0 2011

WATER RESOURCES DEPT SALEM, OREGON

B. The Department's thin water policy is inconsistent with Oregon water law.

The Willamette Basin Program provides:

Water legally stored may be released or used at any time for any beneficial purpose, such as domestic, livestock, irrigation (during the irrigation season as specified in section (6) of this rule), agricultural, commercial, municipal, industrial, power, mining, recreation, fish life, wildlife, pollution abatement, wetland enhancement, public instream uses and uses allowed under a limited license.

OAR 690-502-0040(4)(c) (emphasis added). The thin water policy is inconsistent with this rule because the policy places additional restrictions on the use of legally stored water, despite the fact that the rule explicitly allows the use of legally stored water at any time for any beneficial purpose. *Id.* Although the Department must protect the waters of the state from overappropriation, OAR 690-410-0070(1), over-appropriation is not a concern where the use of legally stored water is at issue. "A determination that a stream is over-appropriated does not affect the allocation of legally stored water from existing or future facilities." OAR 690-410-0070(2)(d). Thus, PPV should be able to obtain rights to use stored water for the purpose of supplemental irrigation on any number of acres that PPV desires.

The Department's thin water policy would also work against conservation-related statutes, such as the allocation of conserved water statute. This statute allows a water right holder who implements a conservation measure to use a portion of the conserved water on additional lands, to lease or sell that portion of the conserved water, or to dedicate all of the conserved water to instream use. ORS 537.455–537.500. The statute recognizes that a water right holder may be able to satisfy the beneficial use specified in the water right using less than the full duty of water specified in the right. In those situations, the statute promotes the conservation of water, maximizes beneficial use, and enhances streamflow. OAR 690-018-0010(2).

Similar to a water right holder who utilizes the allocation of conserved water statute by installing drip irrigation, PPV recognizes that its decision to grow grapes—a crop that requires less water than many other crops—has the effect of conserving water. The use of water to irrigate grapes does not require the full 2.5 acre-feet of water per acre typically specified in an irrigation water right. In fact, PPV intends to generally use only 0.3–0.6 acre-feet per acre to establish its grapes. PPV may need even less water once the grapes are established. As such, PPV is amenable to obtaining water rights that specify a reduced duty. The Department can promote conservation of



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Mr. Thomas J. Paul May 9, 2011 Page 4

WATER RESOURCES DEPT SALEM, OREGON

water and maximize the beneficial use of water by specifying a reduced duty in the permits and certificates issued for PPV's pending applications.

C. The Department's thin water policy is inconsistent with the Department's past practices.

The thin water policy is inconsistent with the Department's past practice for issuing water rights. In fact, some of the water rights already held by PPV would be prohibited under the new thin water policy. For example, under Certificate 40633, PPV has a right to use 0.30 cfs for the purpose of irrigation of 18.8 acres and supplemental irrigation of 12.8 acres. The duty specified in the certificate is 2.5 acre-feet per acre. The source of the water is direct flow from Gibson Gulch and a reservoir constructed under Permit R-1763 (Certificate 29899). The storage right is for 16.45 acre-feet, and only stored water can be used on lands designated for supplemental irrigation.

The Department could not have issued Certificate 40633 under its current thin water policy. Under the policy, the maximum number of acres for which a supplemental water right could have been issued is 6.58 acres (16.45 / 2.5). Yet, Certificate 40633 includes a supplemental right of nearly double that amount—12.8 acres.

As another example, Certificate 39304 authorizes the holder to use water stored under Certificate 39303 for the purpose of irrigation of 20.2 acres. However, Certificate 39303 authorizes the storage of only 10.5 acre-feet for the purpose of irrigation. Under the thin water policy, the maximum number of acres that could be irrigated using 10.5 acre-feet of stored water is 4.2 acres. But Certificate 39304 allows for the irrigation of 20.2 acres—nearly five times the number of acres that could be irrigated under the thin water policy.

PPV relied on the past practice of the Department and, as discussed in Section A above, the advice of Department staff when it submitted these water right applications. The Department should continue processing PPV's water right applications consistent with its past practice.

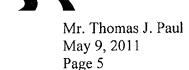
D. The Department's thin water policy is inconsistent with the Department's stated policies and objectives.

The thin water policy is contrary to the Department's stated policies and objectives regarding use of water in the Willamette Basin. Specifically, the policy fails to promote the efficient use of water through the implementation of voluntary conservation measures (e.g., the selection of crops that use less water). See OAR 690-502-0020(5)(b) (explaining that the Water Resources

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Commission's policy is to "[i]mprove the efficiency of water use through implementation of voluntary conservation measures"). As discussed in Section B above, grapes do not require 2.5 acre-feet of water per acre. Yet, by requiring that 2.5 acre-feet of water per acre be available in order to issue a new water right, the Department is tying up water that could be better used to irrigate additional acres or to fulfill some other beneficial use. This policy does not promote the efficient use of water.

The policy also fails to "encourage use of water which sustains economic development." OAR 690-502-0030(10). Vineyards are an expanding industry, and policies that fail to recognize the differences between the irrigation of vineyards and the irrigation of crops that require more water per acre will thwart the industry's growth.

E. Conclusion

We urge the Department to issue permits or certificates for the water right applications identified in the subject line of this letter. If the Department is not prepared to issue these permits or certificates, we would like to meet with you at your earliest convenience to discuss the thin water policy. Please feel free to contact me if you have any questions.

Very truly yours

David E. Filippi

cc: Client





Water Resources Department

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

CFRI-HWKD MIDDLE ZENA LLC ATTENTION: WILLIAM HILL PO BOX 3989 NAPA, CA 94558 RECEIVED

June 3, 2011

JUN 1 0 2011

WATER RESOURCES DEPT SALEM, OREGON

Reference: File S-87342

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 an 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 0.245 cubic foot per second (CFS) of water, being 0.223 CFS for irrigation of 98.86 acres March 1 through October 31 and 0.022 CFS for year-round pond maintenance, from an unnamed stream, tributary to Spring Valley Creek.

The application also proposed the use of 45.83 acre-feet (AF) of water, being 8.0 AF from Middle Zena (Rice) Reservoir (constructed under Permit R-8132) for irrigation of 98.86 acres, and a total of 37.83 AF for supplemental irrigation of 98.86 acres, being 13.10 AF from Zena East (Bethel Hills) Reservoir (constructed under Permit R-14053), 2.21 AF from Zena West Reservoir 1 (1A and 1B - constructed under Permit R-5384), 8.70 AF from Zena West Reservoir 2 (constructed under Permit R-5384, enlarged under Permit R-14144), 1.18 AF from Zena West Reservoir 3 (constructed under Permit R-5384), 9.93 AF from Zena West Reservoir 4 (constructed under Permit R-5384, enlarged under Permit R-14145), 1.71 AF from Zena West Reservoir 5 (constructed under Permit R-14147).

An Affidavit of Cancellation of Certificate 28372 was submitted noting that associated Certificate 58090, which authorizes the use of stored water in Middle Zena (Rice) Reservoir for supplemental irrigation, would effectively be cancelled as well, because a supplemental right cannot stand alone without an underlying primary right.

2. On March 2, 2011, the Department received a request from Eric Urstadt for withdrawal of Applications R-86140, R-86141, and R-86142, which proposed to enlarge Zena Heights Reservoir #1, Zena Heights Reservoir #2, and Zena Heights Reservoir #4, respectively. On April 29, 2011, the Department issued an Order in the matter of withdrawal of Application R-86140. On May 27, 2011, the Department cancelled Permit R-14144 (Application R-86141) and Permit R-14145 (Application R-86142).

JUN 1 0 2011

WATER RESOURCES DEPT SALEM, OREGON

Page 2

- 3. The proposed use is not prohibited by law or rule except where otherwise noted below.
- 4. The use of water from an unnamed stream, tributary to Spring Valley Creek, for irrigation and pond maintenance is allowable under the Willamette Basin Program.
- 5. Surface water from the unnamed stream, tributary to Spring Valley Creek, is available in the amount and for the full period requested.
- 6. The appropriation of water stored in Middle Zena (Rice) Reservoir for irrigation is allowable under the Willamette Basin Program.
- 7. Middle Zena (Rice) Reservoir was constructed under Permit R-8132 for irrigation and livestock. Because there is no existing secondary permit for the lands to be irrigated, 8.0 AF of water stored in Middle Zena (Rice) Reservoir may be authorized under this application for irrigation of 98.86 acres, only if Certificates 28372 and 58090 are cancelled concurrently with any permit issued for this application.
- 8. Stored water in the amount of 8.0 AF from Middle Zena (Rice) Reservoir is determined to be available for further appropriation from water legally stored under Permit R-8132, provided Certificates 28372 and 58090 are cancelled concurrently with any permit issued for this application.
- 9. The appropriation of water stored in Zena East (Bethel Hills) Reservoir, Zena West Reservoir 1 (1A and 1B), Zena West Reservoir 2, Zena West Reservoir 3, Zena West Reservoir 4, Zena West Reservoir 5, and Zena West Reservoir 6 for supplemental irrigation is allowable under the Willamette Basin Program.
- 10. Zena East (Bethel Hills) Reservoir was constructed under Permit R-14053. Permit S-54123 allows the appropriation of 30.0 AF of water stored in Zena East (Bethel Hills) Reservoir, the total authorized capacity of the reservoir. Therefore, the appropriation of 13.10 AF for supplemental irrigation is not allowable under this application.
- 11. Zena West Reservoir 1 (1A and 1B) was constructed under Permit R-5384. Certificate 39304 allows the appropriation of 2.5 AF of water stored in Zena West Reservoir 1, the total authorized capacity of the reservoir. Therefore, the appropriation of 2.21 AF for supplemental irrigation is not allowable under this application.
- 12. Zena West Reservoir 2 was constructed under Permit R-5384. Certificate 39304 allows the appropriation of 5.0 AF of water stored in Zena West Reservoir 2, the total authorized capacity of the reservoir. Therefore, the appropriation of 8.70 AF for supplemental irrigation is not allowable under this application.
- 13. Zena West Reservoir 3 was constructed under Permit R-5384 for livestock and fish. Therefore, the appropriation of 1.18 AF for supplemental irrigation is not allowable under this application.
- 14. Zena West Reservoir 4 was constructed under Permit R-5384. Certificate 39304 allows the appropriation 3.0 AF of water stored in Zena West Reservoir 2, the total authorized capacity of the reservoir. Therefore, the appropriation of 9.93 AF for supplemental irrigation is not allowable under this application.

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JUN 1 0 2011

WATER RESOURCES DEPT SALEM, OREGON

Page 3

- 15. Zena West Reservoir 5 was constructed under Permit R-14146. Application S-86145 allows the appropriation of 2.0 AF of water stored in Zena West Reservoir 5, the total authorized capacity of the reservoir. Therefore, the appropriation of 1.71 AF for supplemental irrigation is not allowable under this application.
- 16. Zena West Reservoir 6 was constructed under Permit R-14147. Application S-86145 allows the appropriation of 1.0 AF of water stored in Zena West Reservoir 6, the total authorized capacity of the reservoir. Therefore, the appropriation of 1.0 AF for supplemental irrigation is not allowable under this application.
- 17. Stored water in the amount of 37.83 AF is not available from Zena East (Bethel Hills) Reservoir, Zena West Reservoir 1 (1A and 1B), Zena West Reservoir 2, Zena West Reservoir 3, Zena West Reservoir 4, Zena West Reservoir 5, and Zena West Reservoir 6 for supplemental irrigation as the reservoirs have already been fully appropriated under secondary water rights or pending applications.

Summary of Initial Determinations

The use of 0.245 CFS, being 0.223 CFS for irrigation of 98.86 acres and 0.022 CFS for pond maintenance, further limited to no more than 0.025 CFS for Zena West Reservoir 1, 0.05 CFS for Zena West Reservoir 2, 0.03 CFS for Zena West Reservoir 4, 0.02 CFS for Zena West Reservoir 5, and 0.01 CFS for Zena West Reservoir 6, is allowable from March 1 through October 31 for irrigation, and for year-round pond maintenance.

The appropriation of 8.0 AF from Middle Zena (Rice) Reservoir for irrigation of 98.86 acres is allowable from March 1 through October 31, and Certificates 28372 and 58090 are cancelled concurrently with any permit issued for this application.

The appropriation of 37.83 AF, being 13.10 AF from Zena East (Bethel Hills) Reservoir, 2.21 AF from Zena West Reservoir 1 (1A and 1B), 8.70 AF from Zena West Reservoir 2, 1.18 AF from Zena West Reservoir 3, 9.93 AF from Zena West Reservoir 4, 1.71 AF from Zena West Reservoir 5, and 1.0 AF from Zena West Reservoir 6, is not allowable.

Because of the Department's determination, your application can be moved to the next phase of the water-rights application review process, where public interest factors will be evaluated. However, due to # 10, 11, 12, 13, 14, 15, 16, and 17 above, the application will likely be limited accordingly.

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.

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WATER RESOURCES DEPT SALEM, OREGON

Page 4

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**, **Jun 17**, **2011**. 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 diversion. 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 diverted each month, and shall submit a report which includes the recorded report 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. You may be required to install fish screens at the point of diversion to meet Oregon Department of Fish and Wildlife specifications for adequate protection of aquatic life.
- 3. Irrigation allowed under this permit shall be by drip irrigation or by an equally efficient method.

This initial review does not attempt to address various public interest issues such as sensitive, threatened, or endangered fish species. These issues will be addressed as the Department reviews comments from the public and other agencies, and prepares a Proposed Final Order. You should be aware that, if significant public interest issues are found to exist, such a finding could have an impact on the eventual outcome of your application.

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.

APPLICATION FACT SHEET

Application File Number: S-87342

AECEWED

Applicant: CFRI-HWKD MIDDLE ZENA LLC; ATTENTION: WILLIAM HILL

JUN 1 0 2011

County: Polk

WATER RESOURCES DEPT SALEM, OREGON

Watermaster: 16

Priority Date: November 19, 2008

Source: UNNAMED STREAM; ZENA EAST (BETHEL HILLS) RESERVOIR (CONSTRUCTED UNDER PERMIT R-14053); MIDDLE ZENA (RICE) RESERVOIR (CONSTRUCTED UNDER PERMIT R-8132); ZENA WEST RESERVOIR 1 (1A AND 1B - CONSTRUCTED UNDER PERMIT R-5384); ZENA WEST RESERVOIR 2 (CONSTRUCTED UNDER PERMIT R-5384, ENLARGED UNDER PERMIT R-14144); ZENA WEST RESERVOIR 3 (CONSTRUCTED UNDER PERMIT R-5384); ZENA WEST RESERVOIR 4 (CONSTRUCTED UNDER PERMIT R-5384, ENLARGED UNDER PERMIT R-14145); ZENA WEST RESERVOIR 5 (CONSTRUCTED UNDER PERMIT R-14146); ZENA WEST RESERVOIR 6 (CONSTRUCTED UNDER PERMIT R-14147), TRIBUTARIES OF SPRING VALLEY CREEK

Use: POND MAINTENANCE; IRRIGATION OF 98.86 ACRES; SUPPLEMENTAL IRRIGATION OF 98.86 ACRES

Quantity:

0.245 CUBIC FOOT PER SECOND (CFS), BEING 0.223 CFS FOR IRRIGATION OF 98.86 ACRES AND 0.022 CFS FOR POND MAINTENANCE, FURTHER LIMITED TO NO MORE THAN 0.025 CFS FOR ZENA WEST RESERVOIR 1, 0.05 CFS FOR ZENA WEST RESERVOIR 2, 0.03 CFS FOR ZENA WEST RESERVOIR 4, 0.02 CFS FOR ZENA WEST RESERVOIR 5, AND 0.01 CFS FOR ZENA WEST RESERVOIR 6

45.83 ACRE FEET (AF), BEING 8.0 AF FROM MIDDLE ZENA (RICE) RESERVOIR (CONSTRUCTED UNDER PERMIT R-8132) FOR IRRIGATION OF 98.86 ACRES AND A TOTAL OF 37.83 AF, 13.10 AF FROM ZENA EAST (BETHEL HILLS) RESERVOIR (CONSTRUCTED UNDER PERMIT R-14053), 2.21 AF FROM ZENA WEST RESERVOIR 1 (1A AND 1B - CONSTRUCTED UNDER PERMIT R-5384), 8.70 AF FROM ZENA WEST RESERVOIR 2 (CONSTRUCTED UNDER PERMIT R-5384, ENLARGED UNDER PERMIT R-14144), 1.18 AF FROM ZENA WEST RESERVOIR 3 (CONSTRUCTED UNDER PERMIT R-5384), 9.93 AF FROM ZENA WEST RESERVOIR 4 (CONSTRUCTED UNDER PERMIT R-5384, ENLARGED UNDER PERMIT R-14145), 1.71 AF FROM ZENA WEST RESERVOIR 5 (CONSTRUCTED UNDER PERMIT R-14146), 1.0 AF FROM ZENA WEST RESERVOIR 6 (CONSTRUCTED UNDER PERMIT R-14147) FOR SUPPLEMENTAL IRRIGATION OF 98.86 ACRES.

Basin Name & Number: Willamette, #2

Stream Index Reference: Volume 17 SPRING VALLEY CR & MISC

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

S-87342, WAB 2-182, POU 2-182

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WATER RESOURCES DEPT SALEM, OREGON

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Points of Diversion Locations:

WATER RESUUKCES DEPT

UNNAMED STREAM - SWSE, SECTION 23, T6S, R4W, W.M.; 4 FEET NORTHEGON AND 178 FEET EAST FROM S1/4 CORNER, SECTION 23

ZENA EAST (BETHEL HILLS) RESERVOIR - SWSE, SECTION 23, T6S, R4W, W.M.; 680 FEET NORTH AND 1368 FEET WEST FROM SE CORNER, SECTION 23

MIDDLE ZENA RESERVOIR - SWSE, SECTION 23, T6S, R4W, W.M.; 333 FEET NORTH AND 184 FEET EAST FROM S1/4 CORNER, SECTION 23

ZENA WEST RESERVOIR 1A - NWSW, SECTION 23, T6S, R4W, W.M.; 1530 FEET NORTH AND 180 FEET EAST FROM SW CORNER, SECTION 23

ZENA WEST RESERVOIR 1B - NWSW, SECTION 23, T6S, R4W, W.M.; 1390 FEET NORTH AND 350 FEET EAST FROM SW CORNER, SECTION 23

ZENA WEST RESERVOIR 2 - SWSW, SECTION 23, T6S, R4W, W.M.; 550 FEET NORTH AND 790 FEET EAST FROM SW CORNER, SECTION 23

ZENA WEST RESERVOIR 3 - SWSW, SECTION 23, T6S, R4W, W.M.; 1050 FEET NORTH AND 650 FEET EAST FROM SW CORNER, SECTION 23

ZENA WEST RESERVOIR 4 - SWSW, SECTION 23, T6S, R4W, W.M.; 1260 FEET NORTH AND 560 FEET EAST FROM SW CORNER, SECTION 23

ZENA WEST RESERVOIR 5 - SESW, SECTION 23, T6S, R4W, W.M.; 920 FEET NORTH AND 2530 FEET EAST FROM SW CORNER, SECTION 23

ZENA WEST RESERVOIR 6 - NESW, SECTION 23, T6S, R4W, W.M.; 1920 FEET NORTH AND 2260 FEET EAST FROM SW CORNER, SECTION 23

Place of Use:

NE ¼ SW ¼ 3.94 ACRES AND POND MAINTENANCE

NW 1/4 SW 1/4 POND MAINTENANCE

SW 1/4 SW 1/4 POND MAINTENANCE

SE 1/4 SW 1/4 POND MAINTENANCE

NE 1/4 SE 1/4 23.64 ACRES

NW 1/4 SE 1/4 40.38 ACRES

SW 1/4 SE 1/4 30.46 ACRES AND POND MAINTENANCE

SE ¼ SE ¼ 0.44 ACRE AND POND MAINTENANCE SECTION 23

TOWNSHIP 6 SOUTH, RANGE 4 WEST, W.M.

14 DAY STOP PROCESSING DEADLINE DATE: Friday, June 17, 2011

PUBLIC NOTICE DATE: Tuesday, June 7, 2011

30 DAY COMMENT DEADLINE DATE: Thursday, July 7, 2011