

**Oregon Water Resources Department
Water Rights Services Division**

Water Rights Application
Number G-17535

Prior to the issuance of a permit, the Department must receive permit recording fees in the amount of \$150.00. Please include your application number on your check made out to the Oregon Water Resources Department.

Proposed Final Order

Summary of Recommendation: The Department recommends that the attached draft permit be issued with conditions.

Application History

On February 14, 2013, Jerry Leslie and Alkali Farms Corp submitted an application to the Department for the following water use permit:

- Amount of Water: 6.68 CUBIC FEET PER SECOND (CFS)
- Use of Water: AGRICULTURE USES; IRRIGATION OF 685.7 ACRES
- Source of Water: NORTH WELL IN CHINA CREEK BASIN AND SOUTH WELL IN EIGHTMILE CANYON BASIN
- Area of Proposed Use: GILLIAM COUNTY WITHIN SECTION 24 AND SECTION 25, TOWNSHIP 2 NORTH, RANGE 21 EAST, W.M.; AND SECTION 30, TOWNSHIP 2 NORTH, RANAGE 22 EAST, W.M.

On July 6, 2012, the Department mailed the applicant notice of its Initial Review, determining that "Because not all items above are favorable, the appropriation of 6.68 CFS of water for irrigation of 685.7 acres and agricultural uses from North Well in China Creek Basin in the John Day River Basin and from South Well in Eightmile Canyon Basin in the Umatilla River Basin is not allowable, and it appears unlikely that you will be issued a permit unless a suitable mitigation proposal is provided prior to issuance of the Proposed Final Order. At this time, you must decide whether to proceed or to withdraw your application as described below." The applicant did not notify the Department to stop processing the application within 14 days of that date.

On July 10, 2012, the Department gave public notice of the application in its weekly notice. The public notice included a request for comments, and information for interested persons about obtaining future notices and a copy of the Proposed Final Order. No written comments were received within 30 days.

On February 14, 2013, the applicant amended the application by reducing the proposed rate from 6.68 CFS to 5.57 CFS and modifying the construction of the two proposed wells.

On May 10, 2013, the Department completed a second Public Interest Review of the amended application.

In reviewing applications, the Department may consider any relevant sources of information, including the following:

- any applicable basin program
- applicable statutes, administrative rules, and case law
- the amount of water available
- the rate and duty for the proposed use
- any general basin-wide standard for flow rate and duty of water allowed
- the need for a flow rate and duty higher than the general standard
- pending senior applications and existing water rights of record
- any applicable comprehensive plan or zoning ordinance
- recommendations by other state agencies
- the Scenic Waterway requirements of ORS 390.835
- designations of any critical ground water areas
- any comments received

Findings of Fact

The John Day Basin Program allows irrigation and agricultural use from North Well in China Creek Basin.

The Umatilla Basin Program allows irrigation and agricultural use from South Well in Eightmile Canyon Basin.

An assessment of ground water availability has been completed by the Department's Ground Water/Hydrology section. A copy of this assessment is in the file. Ground water will likely be available within the capacity of the resource, and if properly conditioned, the proposed use of ground water will avoid injury to existing ground water rights.

Ground Water Findings Under OAR 690-009

Based on the May 10, 2013 public interest review, The Department determined, consistent with OAR 690-009-0040(4), that the proposed ground water use will not have the potential for substantial interference with surface water.

In making this determination, the Department considered whether:

- (a) There is a hydraulic connection from the proposed well(s) to any surface water sources.
- (b) The point of appropriation is a horizontal distance less than one-fourth mile from the surface water source;
- (c) The rate of appropriation is greater than five cubic feet per second, if the point of appropriation is a horizontal distance less than one mile from the surface water source;
- (d) The rate of appropriation is greater than one percent of the pertinent adopted minimum perennial streamflow or instream

water right with a senior priority date, if one is applicable, or of the discharge that is equaled or exceeded 80 percent of time, as determined or estimated by the Department, and if the point of appropriation is a horizontal distance less than one mile from the surface water source;

- (e) The ground water appropriation, if continued for a period of 30 days, would result in stream depletion greater than 25 percent of the rate of appropriation, if the point of appropriation is a horizontal distance less than one mile from the surface water source.

According to the Department's rules, the potential for substantial interference is assumed if (a) and either (b) or (c) or (d) or (e) are met. For this application, the Department determined that there is no potential for substantial interference, because either (a) is not met, or (b), (c), (d) or (e) are not met, or both.

North Well China Creek Basin and South Well in Eightmile Canyon Basin are is not within or above a State Scenic Waterway.

The Department finds that the amount of water requested, 5.57 CFS, is an acceptable amount.

The proposed ground water use is not within a designated critical ground water area.

Conclusions of Law

Under the provisions of ORS 537.621, the Department must presume that a proposed use will ensure the preservation of the public welfare, safety and health if the proposed use is allowed in the applicable basin program established pursuant to ORS 536.300 and 536.340 or given a preference under ORS 536.310(12), if water is available, if the proposed use will not injure other water rights and if the proposed use complies with rules of the Water Resources Commission.

The proposed use requested in this application is allowed in the John Day Basin Program and Umatilla Basin Program, or a preference for this use is granted under the provisions of ORS 536.310(12).

Water is available for the proposed use.

The proposed use will not injure other water rights.

The proposed use complies with other rules of the Water Resources Commission not otherwise described above.

The application is in compliance with the State Agency Coordination Program regarding land use.

No proposed flow rate and duty of water higher than the general basin-wide standard is needed.

For these reasons, the required presumption has been established.

Under the provisions of ORS 537.621, once the presumption has been established, it may be overcome by a preponderance of evidence that either:

- (a) One or more of the criteria for establishing the presumption are not satisfied; or
- (b) The proposed use would not ensure the preservation of the public welfare, safety and health as demonstrated in comments, in a protest . . . or in a finding of the department that shows:
 - (A) The specific aspect of the public welfare, safety and health under ORS 537.525 that would be impaired or detrimentally affected; and
 - (B) Specifically how the identified aspect of the public welfare, safety and health under ORS 537.525 would be impaired or be adversely affected.

In this application, all criteria for establishing the presumption have been satisfied, as noted above. The presumption has not been overcome by a preponderance of evidence that the proposed use would impair or be detrimental to the public interest.

The Department therefore concludes that the proposed use would ensure the preservation of the public welfare, safety and health as described in ORS 537.525.

When issuing permits, ORS 537.628(1) authorizes the Department to include limitations and conditions which have been determined necessary to protect the public welfare, safety, and health. The attached draft permit is conditioned accordingly.

Recommendation

The Department recommends that the attached draft permit be issued with conditions.

DATED July 23, 2013



E. Timothy Wallin, Water Rights Program Manager
for Phillip C. Ward, Director
Water Resources Department

Protests

Under the provisions of ORS 537.153(7) (for surface water) or ORS 537.621(8) (for ground water), you can protest this Proposed Final Order. Protests must be received in the Water Resources Department no later than **September 6, 2013**. Protests must be in writing, and must include the following:

- Your name, address, and telephone number;
- A description of your interest in the Proposed Final Order, and, if you claim 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 your interest;
- A detailed description of how the Proposed Final Order is in error or deficient, and how to correct the alleged error or deficiency;
- Any citation of legal authority to support your protest, if known;
- To affect the department's determination that the proposed use in this application will, or will not, ensure the preservation of the public welfare, safety and health as described in ORS 537.525, ORS 537.621(2)(b) requires that a protest demonstrate, by a preponderance of evidence any of the following: (a) One or more of the criteria for establishing the presumption are, or are not, satisfied; or (b) The specific aspect of the public welfare, safety and health under ORS 537.525 that would be impaired or detrimentally affected, and specifically how the identified aspect of the public welfare, safety and health under ORS 537.525 would be impaired or be adversely affected;
- If you are the applicant, the protest fee of \$300 required by ORS 536.050; and
- If you are not the applicant, the protest fee of \$600 required by ORS 536.050 and proof of service of the protest upon the applicant.
- If you are the applicant, a statement of whether or not you are requesting a contested case hearing. If you do not request a hearing, the Department will presume that you do not wish to contest the findings of the Proposed Final Order.
- *If you do not protest this Proposed Final Order and if no substantive changes are made in the Final Order, you will not have an opportunity for judicial review, protest or appeal of the Final Order when it is issued.*

Requests for Standing

Under the provisions of ORS 537.153(7) (for surface water) or ORS 537.621(8) (for ground water), persons other than the applicant who support a Proposed Final Order can request standing for purposes of participating in any contested case proceeding on the Proposed Final Order or for judicial review of a Final Order.

Requests for standing must be received in the Water Resources Department no later than **September 6, 2013**. Requests for standing must be in writing, and must include the following:

- The requester's name, mailing address and telephone number;
- If the requester is representing a group, association or other organization, the name, address and telephone number of the represented group;
- A statement that the requester supports the Proposed Final Order as issued;
- A detailed statement of how the requester would be harmed if the Proposed Final Order is modified; and
- A standing fee of \$150. If a hearing is scheduled, an additional fee of \$350 must be submitted along with a request for intervention.

After the protest period has ended, the Director will either issue a Final Order or schedule a contested case hearing. The contested case hearing will be scheduled only if a protest has been submitted and either:

- upon review of the issues, the director finds that there are significant disputes related to the proposed use of water, or
- the applicant requests a contested case hearing within 30 days after the close of the protest period.

If you do not request a hearing within 30 days after the close of the protest period, or if you withdraw a request for a hearing, notify the Department or the administrative law judge that you will not appear or fail 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 that you have submitted relating to this matter, as the record for purpose of proving a *prima facie* case upon default.

You 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.

This document was prepared by Kerry Kavanagh. If you have any questions about any of the statements contained in this document I am most likely the best person to answer your questions. You can reach me at 503-986-0816.

If you have questions about how to file a protest or a request for standing, please refer to the respective sections in this Proposed Final Order entitled "Protests" and "Requests for Standing". If you have previously filed a protest and want to know its status, please contact Patricia McCarty at 503-986-0820.

If you have other questions about the Department or any of its programs please contact our Customer Service Group at 503-986-0801. Address all other correspondence to:

Water Rights Section, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1266, Fax: 503-986-0901.

DRAFT

This is not a permit.
STATE OF OREGON

DRAFT

COUNTY OF GILLIAM

DRAFT PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS DRAFT PERMIT IS HEREBY ISSUED TO

JERRY LESLIE
ALKALI FARMS CORPORATION
101 E EIGHT ST SUITE 130
VANCOUVER WA 98660

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: G-17535

SOURCE OF WATER: NORTH WELL IN CHINA CREEK BASIN AND SOUTH WELL IN
EIGHTMILE CANYON BASIN

PURPOSE OR USE: AGRICULTURE USES; IRRIGATION OF 685.7 ACRES

MAXIMUM RATE: 5.57 CUBIC FEET PER SECOND

PERIOD OF USE: MARCH 1 THROUGH OCTOBER 31

DATE OF PRIORITY: FEBRUARY 14, 2012

WELL LOCATIONS:

NORTH WELL - SESW, SECTION 24, T2N, R21E, W.M.; 1475 FEET SOUTH AND
1300 FEET WEST FROM C1/4 CORNER, SECTION 24

SOUTH WELL - NWE, SECTION 25, T2N, R21E, W.M.; 1140 FEET SOUTH AND
2300 FEET WEST FROM NE CORNER, SECTION 25

The amount of water used for irrigation under this right, together with
the amount secured under any other right existing for the same lands, is
limited to a diversion of ONE-EIGHTIETH of one cubic foot per second and
acre-feet for each acre irrigated during the irrigation season of each
year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NE ¼ NW ¼ 32.7 ACRES IRRIGATION AND AGRICULTURE USE
NW ¼ NW ¼ 4.0 ACRES IRRIGATION AND AGRICULTURE USE
SW ¼ NW ¼ 4.0 ACRES IRRIGATION AND AGRICULTURE USE
SE ¼ NW ¼ 32.4 ACRES IRRIGATION AND AGRICULTURE USE
SECTION 24
TOWNSHIP 2 NORTH, RANGE 21 EAST, W.M.

NE ¼	SW ¼	36.6	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	SW ¼	28.2	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	SW ¼	6.6	ACRES	IRRIGATION AND AGRICULTURE USE
SE ¼	SW ¼	38.1	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	SE ¼	25.8	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	SE ¼	22.4	ACRES	IRRIGATION AND AGRICULTURE USE

SECTION 24

NE ¼	NE ¼	28.2	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	NE ¼	13.5	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	NE ¼	31.1	ACRES	IRRIGATION AND AGRICULTURE USE
SE ¼	NE ¼	36.6	ACRES	IRRIGATION AND AGRICULTURE USE
NE ¼	NW ¼	36.4	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	NW ¼	5.1	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	NW ¼	21.7	ACRES	IRRIGATION AND AGRICULTURE USE
SE ¼	NW ¼	40.0	ACRES	IRRIGATION AND AGRICULTURE USE
NE ¼	SW ¼	32.0	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	SW ¼	12.6	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	SW ¼	7.5	ACRES	IRRIGATION AND AGRICULTURE USE
SE ¼	SW ¼	29.0	ACRES	IRRIGATION AND AGRICULTURE USE
NE ¼	SE ¼	30.0	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	SE ¼	32.8	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	SE ¼	38.8	ACRES	IRRIGATION AND AGRICULTURE USE
SE ¼	SE ¼	11.6	ACRES	IRRIGATION AND AGRICULTURE USE

SECTION 25

TOWNSHIP 2 NORTH, RANGE 21 EAST, W.M.

NE ¼	NW ¼	0.7	ACRE	IRRIGATION AND AGRICULTURE USE
NW ¼	NW ¼	28.9	ACRES	IRRIGATION AND AGRICULTURE USE
SW ¼	NW ¼	14.9	ACRES	IRRIGATION AND AGRICULTURE USE
NW ¼	SW ¼	3.5	ACRES	IRRIGATION AND AGRICULTURE USE

SECTION 30

TOWNSHIP 2 NORTH, RANGE 22 EAST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter at each point of appropriation. The permittee shall maintain the meter 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; provided however, where any meter 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.

The Department requires the water user to obtain, from a qualified individual (see below), and report annual static water levels for each well on the permit. The static water level shall be measured in the month of February or March. Reports shall be submitted to the Department within 30 days of measurement.

The permittee shall report an initial February/March static water-level measurement once well construction is complete and annual measurements thereafter. Annual measurements are required whether or not the well is used. The first annual measurement will establish a reference level against which future measurements will be compared. However, the Director may establish the reference level based on an analysis of other water-level data. The Director may require the user to obtain and report additional water levels each year if more data are needed to evaluate the aquifer system.

All measurements shall be made by a certified water rights examiner, registered professional geologist, registered professional engineer, licensed well constructor or pump installer licensed by the Construction Contractors Board. Measurements shall be submitted on forms provided by, or specified by, the Department. Measurements shall be made with equipment that is accurate to at least the standards specified in OAR 690-217-0045. The Department requires the individual performing the measurement to:

- A. Associate each measurement with an owner's well name or number and a Department well log ID; and
- B. Report water levels to at least the nearest tenth of a foot as depth-to-water below ground surface; and
- C. Specify the method of measurement; and
- D. Certify the accuracy of all measurements and calculations reported to the Department.

The water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s) if any of the following events occur:

- A. Annual water-level measurements reveal an average water-level decline of three or more feet per year for five consecutive years; or
- B. Annual water-level measurements reveal a water-level decline of 15 or more feet in fewer than five consecutive years; or
- C. Annual water-level measurements reveal a water-level decline of 25 or more feet; or
- D. Hydraulic interference leads to a decline of 25 or more feet in any neighboring well with senior priority.

The period of restricted use shall continue until the water level rises above the decline level which triggered the action or the Department determines, based on the permittee's and/or the Department's data and

analysis, that no action is necessary because the aquifer in question can sustain the observed declines without adversely impacting the resource or causing substantial interference with senior water rights. The water user shall not allow excessive decline, as defined in Commission rules, to occur within the aquifer as a result of use under this permit. If more than one well is involved, the water user may submit an alternative measurement and reporting plan for review and approval by the Department.

Groundwater production in each well shall be limited to a single aquifer in the Columbia River Basalt Group. Each well shall be continuously cased and continuously sealed to within 100 feet of the bottom of the open borehole. A larger open interval may be approved by the Department if the permittee can demonstrate to the Department's satisfaction, using packer tests or other suitable methods, that the hydraulic heads of water-bearing zones in the proposed open interval are equivalent or that the open interval is part of a continuous zone of interconnected porous materials. Following well completion, the wells shall be thoroughly developed to remove cuttings and drilling fluids. A video log of the wells shall be collected to demonstrate to the satisfaction of the Department that each well is only open to a single aquifer.

Each well with a pump shall be equipped with a dedicated 3/4-inch diameter (minimum) water-level measurement tube, separate from other methods of measuring the water level such as airlines or transducers. The annual water-level measurement required in the permit shall be measured through the measuring tube.

Drill cuttings shall be collected at the permitted wells and any test holes. Samples shall be collected at ten-foot intervals and at changes in lithology. A reference set of clean cuttings, in plastic sample trays, shall be submitted to the Department for each well. Select drill cuttings shall be analyzed for a comprehensive suite of major, minor, and trace elements that are appropriate for characterizing Columbia River Basalt Group stratigraphy. The data shall be compiled and the basalt stratigraphy at each well location shall be interpreted by an Oregon registered geologist.

All hydrologic, geologic, geochemical and video data collected shall be provided to OWRD in report and in electronic format specified by the Department.

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.

STANDARD CONDITIONS

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

If the number, location, source, or construction of any well deviates from that proposed in the permit application or required by permit conditions, this permit may be subject to cancellation, unless the Department authorizes the change in writing.

If substantial interference with surface water or a senior water right occurs due to withdrawal of water from any well listed on this permit, then use of water from the well(s) shall be discontinued or reduced and/or the schedule of withdrawal shall be regulated until or unless the Department approves or implements an alternative administrative action to mitigate the interference. The Department encourages junior and senior appropriators to jointly develop plans to mitigate interferences.

The well(s) shall be constructed in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevation in the well at all times.

If the riparian area is disturbed in the process of developing a point of appropriation, the permittee shall be responsible for restoration and enhancement of such riparian area in accordance with ODFW's Fish and Wildlife Habitat Mitigation Policy OAR 635-415. For purposes of mitigation, the ODFW Fish and Wildlife Habitat Mitigation Goals and Standards, OAR 635-415, shall be followed.

The use may be restricted if the quality of downstream waters decreases to the point that those waters no longer meet state or federal water quality standards due to reduced flows.

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to such agreement.

Prior to receiving a certificate of water right, the permit holder shall submit to the Water Resources Department the results of a pump test meeting the Department's standards for each point of appropriation (well), unless an exemption has been obtained in writing under OAR 690-217. The Director may require water-level or pump-test data every ten years thereafter.

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

Completion of construction and application of the water shall be made within five years of the date of permit issuance. If beneficial use of permitted water has not been made before this date, the permittee may submit an application for extension of time, which may be approved based upon the merit of the application.

Within one year after making beneficial use of water, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner.

Issued

DRAFT - THIS IS NOT A PERMIT

E. Timothy Wallin, Water Rights Program Manager
for Phillip C. Ward, Director
Water Resources Department

Mailing List for PFO Copies

Application #G-17535

PFO Date July 23, 2013

Original mailed to applicant:

JERRY LESLIE
ALKALI FARMS CORPORATION
101 E EIGHT ST SUITE 130
VANCOUVER WA

Copies Mailed By: _____ (SUPPORT STAFF) on: _____ (DATE)
--

SENT VIA EMAIL:

1. WRD - WM #21

Copies sent to:

1. WRD - File # G-17535

Protest/ Standing Dates checked _____
--

PFO and Map Copies sent to:

2. WRD - Regional Manager: NC

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

3. Bill Porfily, PO Box 643, Stanfield, OR 97875

CASEWORKER : Kerry Kavanagh