



Oregon
Kate Brown, Governor

Water Resources Department
725 Summer St NE, Suite A
Salem, OR 97301
(503) 986-0900
Fax (503) 986-0904

April 24, 2015

CONDUIT 3 HYDROELECTRIC PROJECT LLC
2420 NE SANDY BLVD SUITE 203
PORTLAND, OR 97232

Reference: File G-17987

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 appropriation of 0.045 cubic foot per second (CFS) of water from Well EW-1 in Johnson Creek Basin for year-round commercial use including geothermal.

The produced water for geothermal use will be injected into Well IW-1, and the use will be non-consumptive.

2. The proposed use is not prohibited by law or rule except where otherwise noted below.
3. The appropriation of water from Well EW-1 in Johnson Creek Basin for commercial use, including geothermal is allowable under the Willamette Basin Program (OAR 690-502-0160).
4. 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.

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.

Summary of Initial Determinations

The appropriation of 0.045 CFS of water from Well EW-1 in Johnson Creek Basin for year-round commercial use, including geothermal is allowable.

Because of these favorable determinations, the Department can now move the 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 the application, you do not have to notify the Department. The 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 \$225 processing charge per application). To accomplish this you must notify the Department in writing by **Friday, May 8, 2015**. 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 devices, and recording/reporting of annual water use conditions:
 - A. The Director may require the permittee to install a totalizing flow meter, or other suitable measuring device as approved by the Director, at each point of diversion. If the Director notifies the permittee to install a measuring device, the permittee shall install such device within the period stated in the notice. Once installed, the permittee shall maintain the device in good working order, and shall allow the watermaster access to the device.
 - B. The Director may require the permittee to keep and maintain a record of the volume of water diverted, and may require the permittee to report water-use on a periodic schedule as established by the Director. In addition, the Director may require the permittee to report general water-use information, the periods of water use and the place and nature of use of water under the permit.
2. Prior to use of water under this permit, the permit holder must register the injection activity with the Oregon Department of Environmental Quality's Underground Injection Control Program, which can be contacted at 2020 SW 4th Ave, Ste 400, Portland OR 97201, or 503-229-5263.
3. Groundwater production shall be allowed only from the alluvial groundwater reservoir.
4. The production well and the injection well shall be constructed to extract or inject ground water from and to the same water-bearing zone.
5. One hundred percent of the groundwater extracted from the production well(s) must be injected in the authorized injection well(s), which can be confirmed by flowmeter data. Otherwise, the use is subject to regulation, including possible cancellation of the permit.
6. Prior to use of water under this permit, the permit holder shall submit documentation affirming that all applicable requirements of OAR 690-230 have been met.

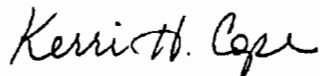
7. Prior to using water from any well listed on this permit, the permittee shall ensure that the well has been assigned an OWRD Well Identification Number (Well ID tag), which shall be permanently attached to the well. The Well ID shall be used as a reference in any correspondence regarding the well, including any reports of water use, water level, or pump test data.

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/programs/NaturalResources/Pages/AgWaterQuality.aspx> 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 503-986-0806 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: Kerri H. Cope, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1266. Our fax number is 503-986-0901.

Sincerely,



Kerri H. Cope
Water Right Application Caseworker

enclosures: Application Process Description and Stop Processing Request Form

G-17987
WAB 2-No PSI
POU 2-
GW

APPLICATION FACT SHEET

Application File Number: G-17987

Applicant: CONDUIT 3 HYDROELECTRIC PROJECT LLC

County: Multnomah

Watermaster: 20

Priority Date: January 26, 2015

Source: WELL EW-1 IN JOHNSON CREEK BASIN

Use: COMMERCIAL USE INCLUDING GEOTHERMAL

Quantity: 0.045 CUBIC FOOT PER SECOND

Basin Name & Number: Willamette, #2

Stream Index Reference: Volume 18B JOHNSON CR MISC

Well Location(s):

WELL EW-1: SWNW, SECTION 12, T1S, R2E, W.M.; 390 FEET SOUTH AND 130 FEET WEST FROM THE CENTER OF THE NW 1/4, SECTION 12

WELL IW-1: SWNW, SECTION 12, T1S, R2E, W.M.; 375 FEET SOUTH AND 135 FEET WEST FROM THE CENTER OF THE NW 1/4, SECTION 12

Place of Use:

SW ¼ NW ¼
SECTION 12
TOWNSHIP 1 SOUTH, RANGE 2 EAST, W.M.

14 DAY STOP PROCESSING DEADLINE DATE: Friday, May 8, 2015

PUBLIC NOTICE DATE: Tuesday, April 28, 2015

30 DAY COMMENT DEADLINE DATE: Thursday, May 28, 2015

Mailing List for IR Copies

Application #G-17987

IR Date: April 24, 2015

Original and map mailed to applicant:

CONDUIT 3 HYDROELECTRIC PROJECT LLC, ATTN: SUSAN PRIDDY, 2420 NE SANDY BLVD SUITE 203, PORTLAND, OR 97232

SENT VIA EMAIL:

1. WRD - Watermaster # 20
2. Applicant - susan.priddy@lucidenergy.com
3. Agent - tressler@gsiws.com

IR, Map, and Fact Sheet Copies sent to:

4. WRD - File # G-17987
5. Department of Agriculture

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

1. Ted Ressler/GSI Water Solutions Inc., 55 SW Yamhill Ste. 300, Portland, OR 97204
2. City of Portland - Portland Water Bureau, 1120 SW 5th Ave., Ste 600, Portland, OR 97204

Caseworker: Kerri H. Cope

COPYSHT.IR

APPLICATION PROCESS DESCRIPTION FOR GROUNDWATER, SURFACE WATER AND REGULAR RESERVOIR APPLICATIONS

In order to take and use the waters of Oregon, a citizen must first obtain a permit from the Water Resources Department. The water must be used for beneficial purpose - without waste. To become well-informed about water right topics, weekly public notice, forms and fees please visit our web site at www.wrd.state.or.us

1. Pre-application considerations

- follow instructions in the application packet
- if you have questions about completing an application or would like to arrange a pre-application conference contact the Department's Water Rights Information Group (WRIG) at 503-986-0801

2. Application filing

- application with fee is received by the Department
- Department determines completeness of application
- if use is not allowed by statute (ORS 538), the application and fees are returned to the applicant
- incomplete application and fees are returned to the applicant
- only a complete application receives a tentative priority date, is assigned a caseworker, and moves forward for processing

3. Initial Review (IR)

- caseworker reviews application by considering basin plans, water availability, statutory restrictions and all other appropriate factors
- caseworker sends IR report to applicant
- contact the caseworker if you have questions about the IR
- seven days after date of the IR, it is included in Department's weekly Public Notice
- public comments must be submitted within 30 days after the Public Notice
- **administrative hold** may be requested in writing by applicant

4. Proposed Final Order (PFO)

- caseworker evaluates application against required criteria and develops draft permit, if appropriate
- PFO includes instructions for filing of protests
- caseworker considers public comments and mails PFO to applicant
- the PFO is included in Department's weekly Public Notice
- public protests to the PFO must be submitted within 45 days after the Public Notice

Stop Processing deadline is within 14 days of Initial Review - use the form below

- applicant may request no further action and fee refund of all but \$225

STOP PROCESSING REQUEST FOR GROUNDWATER, SURFACE WATER AND REGULAR RESERVOIR APPLICATIONS

Applicant notification to withdraw Water Right Application # _____

After reviewing the Initial Review for my application, I request that processing be stopped and the fees be refunded (minus a \$225 examination fee.) I understand that without a valid permit I may not legally use the water as requested in my application

Signature _____ date _____

Signature _____ date _____

Under ORS 537.150 (5) and 537.620 (5) timely submission of this request authorizes that the water right application process be stopped and all filing fees (except \$225 examination fee) be returned.

This notice must be received at Water Resources Department by _____

Return the notice to: OWRD, Water Rights Division
STOP PROCESSING
725 Summer Street, NE - Suite A
Salem OR 97301-1271

5. Final Order (FO)

- if no protest is filed, Final Order is issued

The protest process

If one or more protests are filed, permit process consists of:

- settlement discussion
- contested case hearing
- proposed order
- period of time to file exceptions
- possible hearing by Water Resources Commission
- final order issued

Permit holder responsibilities

- comply with all water use conditions of the permit
- advise Department of address change or assignment to new permit holder
- if need arises, request extension of time or authorize cancellation of permit
- submit timely claim of beneficial use (COBU) to Department
- most permits require COBU to be prepared by a Certified Water Right Examiner
- permits may be canceled by the permit holder or by the Department for failure to comply with or one or more permit conditions