



July 17, 2015

WILKS RANCH OREGON LIMITED
4945 WILLOW CREEK RD
IRONSIDE, OR 97908

Reference: File G-17996

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 the water-use permit application and to describe the 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 supplied, the Water Resources Department has made the following preliminary determinations:

Initial Review Determinations:

1. The application proposed the appropriation of 9.38 cubic feet per second (CFS) of water from Wilks Ranch Well #1 in Willow Creek Basin for year-round domestic use for two households, industrial/manufacturing uses, and livestock use; and supplemental irrigation of 451.9 acres April 1 through September 1 of each year.
2. The proposed use is not prohibited by law or rule except where otherwise noted below.
3. The appropriation of water from Wilks Ranch Well #1 in Willow Creek Basin for domestic use, industrial/manufacturing uses, livestock use, and supplemental irrigation is allowable under the Malheur Basin Program (OAR 690-510-0000).
4. Ground water is **over-appropriated** will **not** likely be available within the capacity of the resource and/or without injury to existing ground water rights.

The Department has determined, based upon OAR 690-009, that the proposed ground water use will have the potential for substantial interference with Willow Creek. Therefore, in accordance with OAR 690-400-0010(11)(a)(B), surface water availability must also be considered. Surface water is not available at any time of year.

5. OAR 690-033-0120(2) prohibits the diversion of water from April 15 through September 30 of each year.
6. The proposed diversion falls within a high priority area for streamflow restoration under the Oregon Plan for Salmon & Watersheds.

7. The application proposed supplemental irrigation of 233.6 acres in Section 13, and 218.3 acres in Section 14, however the existing primary Certificates 1582, 44016 and 44017 only allow irrigation of 211.4 acres in Section 13 and 203.8 acres in Section 14.

Although it is unlikely that a permit will be issued, if the Department's findings change and a permit is issued, the acreage for supplemental irrigation will be limited to 211.4 acres in Section 13 and 203.8 acres in Section 14.

8. The standard allowable rate for irrigation use from groundwater is 1/80 CFS per acre. Although it is unlikely that a permit will be issued, if the Department's findings change and a permit is issued, the rate allowed for supplemental irrigation of 415.2 acres will be limited to 5.19 CFS.

Summary of Allowable Water Use

Because not all items above are favorable, the appropriation of 9.38 CFS of water for year-round industrial/manufacturing uses and livestock use, further limited to 0.005 CFS for year-round domestic use for two households and 5.19 CFS for supplemental irrigation of 415.2 acres April 1 through September 1 of each year, from Wilks Ranch Well #1 in Willow Creek Basin is not allowable, and it appears unlikely that a permit will be issued 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 the application as described below.

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.

Withdrawal Refunds:

If you choose not to proceed, you may withdraw the application and receive a refund (minus a \$225 processing charge per application). To accomplish this you must notify the Department in writing by **Friday, July 31, 2015**. For your convenience you may use the enclosed "STOP PROCESSING" form.

To Proceed With The 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.

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

1. Measurement devices, and recording/reporting of annual water use 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 device in good working order.

- B. The permittee shall allow the watermaster access to the device; provided however, where any device is located within a private structure, the watermaster shall request access upon reasonable notice.
- C. The permittee shall keep a complete record of the volume of water diverted each month, and shall submit a report which includes 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.
- D. The Director may provide an opportunity for the permittee to submit alternative measuring and reporting procedures for review and approval.

2. Static Water Level Conditions

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 March. Reports shall be submitted to the Department within 30 days of measurement.

The permittee shall report an initial 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 Department may require the discontinuance of groundwater use, 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.

3. **Dedicated Measuring Tube:** Wells with pumps shall be equipped with a minimum 3/4-inch diameter, unobstructed, dedicated measuring tube pursuant to figure 200-5 in OAR 690-200. If a pump has been installed prior to the issuance of this permit, and if static water levels and pumping levels can be measured using an electrical tape, then the installation of the measuring tube can be delayed until such time that water levels cannot be measured or the pump is repaired or replaced.
4. The well(s) shall be continuously cased and continuously sealed to a minimum depth of 300 feet below land surface. The well(s) may not be completed in such a manner to allow ground water to be developed from a source other than the proposed bedrock aquifer. If during well construction, it becomes apparent that the well can be constructed to eliminate interference with nearby shallow wells or hydraulically connected streams in a manner other than specified in this permit, the permittee can contact the Department Hydrogeologist for this permit or the Ground Water/Hydrology Section Manager to request approval of such construction. The request shall be in writing, and shall include a rough well log and a proposed construction design for approval by the Department. The request can be approved only if it is received and reviewed prior to placement of any permanent casing and sealing material. If the well is constructed first and then the request made, the requested modification will not be approved. If approved, the new well depth and construction specifications will be incorporated into any certificate issued for this permit.
5. Groundwater production shall be only from the fractured basalt groundwater reservoir between approximately 500 feet and 950 feet below land surface.
6. 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.

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. Be aware that, if significant public interest issues are found to exist, such a finding could have an impact on the eventual outcome of the application.

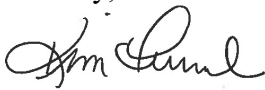
The water source identified in the application may be affected by an Agricultural Water Quality Management Area Plan. These plans are developed by the Oregon Department of Agriculture (ODA) with the cooperation of local landowners and other interested stakeholders, and help to ensure that current and 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 503-986-0816 if you have any questions regarding the contents of this letter or the application. Please have the 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: Kim French, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1266. Our fax number is 503-986-0901.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim French". The signature is cursive and somewhat stylized.

Kim French
Water Right Application Caseworker

enclosures: Application Process Description and Stop Processing Request Form

G-17996
WAB 10-31011926
POU 10-31011926
GW

APPLICATION FACT SHEET

Application File Number: G-17996

Applicant: WILKS RANCH OREGON LIMITED

County: Malheur

Watermaster: 9

Priority Date: February 11, 2015

Source: WILKS RANCH WELL #1 IN WILLOW CREEK BASIN

Uses: DOMESTIC USE FOR TWO HOUSEHOLDS, INDUSTRIAL/MANUFACTURING USES, LIVESTOCK USE, AND SUPPLEMENTAL IRRIGATION OF 451.9 ACRES

Quantity: 9.38 CUBIC FEET PER SECOND

Basin Name & Number: Malheur, #10

Stream Index Reference: Volume 2 WILLOW CR MISC

Well Location: SWSE, SECTION 14, T14S, R39E, W.M.; 900 FEET NORTH AND 2725 FEET EAST FROM SW CORNER, SECTION 14

Place of Use:

<u>QQ</u>	<u>SUPPLEMENTAL IRRIGATION</u>	<u>DOMESTIC</u>	<u>INDUSTRIAL/LIVESTOCK MANUFACTURING</u>
SW ¼ NE ¼	13.7 ACRES		
SE ¼ NE ¼	15.0 ACRES		
SW ¼ NW ¼	3.4 ACRES		
SE ¼ NW ¼	3.0 ACRES		
NE ¼ SW ¼	34.5 ACRES		
NW ¼ SW ¼	38.5 ACRES		
SW ¼ SW ¼	21.5 ACRES		
SE ¼ SW ¼	18.0 ACRES		
NE ¼ SE ¼	35.5 ACRES		
NW ¼ SE ¼	37.5 ACRES		
SW ¼ SE ¼	7.0 ACRES		
SE ¼ SE ¼	6.0 ACRES		

SECTION 13

SW ¼ NE ¼	3.5 ACRES		
SE ¼ NE ¼	4.0 ACRES		
SW ¼ NW ¼	10.5 ACRES		
SE ¼ NW ¼	10.5 ACRES		
NE ¼ SW ¼	38.2 ACRES		
NW ¼ SW ¼	32.0 ACRES		
SE ¼ SW ¼	4.0 ACRES	X	XX

<u>QQ</u>	<u>SUPPLEMENTAL IRRIGATION</u>	<u>DOMESTIC</u>	<u>INDUSTRIAL/LIVESTOCK MANUFACTURING</u>
NE ¼ SE ¼	37.5 ACRES		
NW ¼ SE ¼	37.5 ACRES		
SW ¼ SE ¼	18.0 ACRES	X	
SE ¼ SE ¼	22.6 ACRES		
SECTION 14			
NE ¼ NW ¼		X	XX
SECTION 23			
TOWNSHIP 14 SOUTH, RANGE 39 EAST, W.M.			

14 DAY STOP PROCESSING DEADLINE DATE: Friday, July 31, 2015

PUBLIC NOTICE DATE: Tuesday, July 21, 2015

30 DAY COMMENT DEADLINE DATE: Thursday, August 20, 2015

Mailing List for IR Copies

Application #G-17996

IR Date: July 17, 2015

Original and map mailed to applicant:

WILKS RANCH OREGON LIMITED, 4945 WILLOW CREEK RD, IRONSIDE, OR 97908

SENT VIA EMAIL:

1. WRD - Watermaster # 9
2. ODFW
3. DEQ
4. Agent - jpalmer@wilksranch.com

Copies sent to:

1. WRD - Water Availability: Shawn Ortiz-Turner

IR, Map, and Fact Sheet Copies sent to:

2. WRD - File # G-17996
3. Department of Agriculture

Copies Mailed By: _____ (SUPPORT STAFF) on: _____ (DATE)
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Copies sent to Other Interested Persons (CWRE, Agent, Well Driller, Commenter, etc.)

1. CK3 LLC, 368 SW 5th Ave, Ontario, OR 97914

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 Customer Service Group 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
- four 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