



Water Right Application Initial Review

October 5, 2018

SURPRISE VALLEY ELECTRIC CORP.
ATTN: LYNN CULP
516 US HWY 395E
ALTURAS CA 96101

Reference: Application G-18594

This document is to inform you of the preliminary analysis of the 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 supplied, the Water Resources Department has made the following preliminary determinations:

Initial Review Preliminary Determinations (Oregon Administrative Rule (OAR) 690-310-0080)

1. Application G-18594 proposes the appropriation of 6.7 cubic feet per second (CFS) of water from production wells SVE1 (LAKE 52530/L117043) and SVE2 (LAKE 52529/L117044) in Chewaucan River Basin for year-round industrial use (including geothermal power). The produced water for geothermal power will be re-injected into SVE3 (LAKE 52812) in Chewaucan River Basin. The use will be non-consumptive.
2. The proposed use is not prohibited by law or rule except where otherwise noted below.
3. Industrial use is allowed under the Goose and Summer Lakes Basin Program. (OAR 690-513-0060(2))
4. Groundwater will likely be available within the capacity of the resource, however, the proposed use of groundwater will cause injury to existing groundwater rights.
5. The Department has determined, based upon OAR 690-009, that the proposed groundwater use will not have the potential for substantial interference with any surface water source.
6. The proposed use is not located within or above any state or federal scenic waterway.
7. The points of appropriation are not located within a critical, limited, or withdrawn groundwater area.

8. Documentation has been submitted from the relevant land-use planning jurisdiction that indicates the proposed use is allowed outright. ORS 537.621(3)(b); OAR 690-310-0150(2)(b)
9. The Department has determined that production wells SVE1 (LAKE 52530/L117043) and SVE2 (LAKE 52529/L117044), and re-injection well SVE3 (LAKE 52812) do not meet current minimum well construction standards. There are no water supply well reports certified by a licensed well constructor, therefore the Department is not able to determine if well construction meets minimum well construction standards.

Prior to the issuance of a Proposed Final Order recommending approval, evidence demonstrating compliance with well construction standards must be submitted and approved by the Department. In repairing the well(s), you should work closely with the Department and/or a licensed well constructor to ensure that repairs are carried out in a manner that will not violate well construction or other rules. You are encouraged to contact Joel Jeffery of the Department's Well Construction and Compliance Section at 503-986-0852 to determine how to proceed.

Please also note that regardless of the outcome of this application, you will need to work with the Department to either repair or abandon the well(s) to comply with the minimum standards for the construction, conversion, alteration, maintenance, and abandonment of water supply wells in order to protect the state's groundwater supply (OAR 690-200).

Summary

The appropriation of 6.7 CFS of water from production wells SVE1 (LAKE 52530/L117043) and SVE2 (LAKE 52529/L117044) in Chewaucan River Basin for year-round industrial use is not allowable until the wells comply with current minimum well construction standards.

Public interest issues and/or public comments will be addressed as the Department prepares a Proposed Final Order. If significant public interest issues are identified, they could have an impact on the eventual outcome of the application.

At this time, you must decide whether to proceed or to withdraw the application.

Proceed

If you choose to proceed with the application you do not have to notify the Department. The application will 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.

Withdraw

You may withdraw the application and receive a refund (minus a \$260 processing fee per application). You must notify the Department **in writing** by **October 19, 2018**. For your convenience you may use the enclosed "STOP PROCESSING" form.

If a Permit is Issued it will Likely Include the Following Conditions:

1. Construction of the well shall begin within five years of the date of permit issuance. The deadline to begin construction may not be extended. This permit is subject to cancellation proceedings if the construction deadline to begin is missed.
2. 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 not be valid, unless the Department authorizes the change in writing.
3. 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.
4. **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 (all production and injection wells) to monitor and report both the total volume produced and total volume reinjected at each well. An additional flow meter is required at any diversion points that supply groundwater for irrigation authorized under any other water right, or any other consumptive use authorized from these wells under LL-11727 or any other water right. The permittee shall maintain the devices in good working order.
 - B. The permittee shall allow the watermaster access to the devices; 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 used each month, and shall submit an annual 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.
 - D. The Director may provide an opportunity for the permittee to submit alternative measuring and reporting procedures for review and approval.

5. Static Water Level Conditions:

The water user shall develop a plan to monitor and report the impact of water use under this permit on water levels within the aquifer that provides water to the permitted well(s). The plan shall be submitted to the Department within one year of the date the permit is issued and shall be subject to the approval of the Department. At a minimum, the plan shall include a program to periodically measure static water levels within the permitted well(s) or an adequate substitute such as water levels in nearby wells. The plan shall also stipulate a reference water level against which any water-level declines will be compared. If a well listed on this permit (or replacement well) displays a total static water-level decline of 25 or more feet over any period of years, as compared to the reference level, then the water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s).

Such action shall be taken until the water level recovers to above the 25-foot decline level or until the Department determines, based on the water user'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 senior water rights.

The water user shall in no instance allow excessive decline, as defined in Commission rules, to occur within the aquifer as a result of use under this permit.

6. Static Water Level Conditions:

Use of water from any well, as allowed herein, shall be controlled or shut off if the well displays:

- A. An average water-level decline of 3 or more feet per year for five consecutive years; or
- B. A total water-level decline of 15 or more feet; or
- C. A hydraulic interference decline of 15 or more feet in any neighboring well providing water for senior exempt uses or wells covered by prior rights.

The permittee/appropriator shall be responsible for complying with each of the following requirements for measuring water levels in the well(s).

- A. Use of water from a new well shall not begin until an initial static water level in the well has been measured and reported to the Department.
- B. In addition to the measurement required in the subsection above, a water-level measurement shall be made each year during the period March 1 through March 31.
- C. All water-level measurements shall be made by a qualified individual. Qualified individuals are certified water rights examiners, registered geologists, registered professional engineers, licensed land surveyors, licensed water well constructor, licensed pump installer, or the permittee/appropriator.
- D. Any qualified individual measuring a well shall use standard methods of procedure and equipment designed for the purpose of well measurement. The equipment used shall be well suited to the conditions of construction at the well. A list of standard methods of procedure and suitable equipment is available from the Department.

The permittee/appropriator shall report the record of measurement to the Department on a form available from the Department. The record of measurement shall include both measurements and calculations, shall include a certification as to their accuracy signed by the individual making the measurements, and shall be submitted to the Department within 90 days from the date of measurement. The Department shall determine when any of the declines cited herein are evidenced by the well measurement required in the static water level condition.

- 7. A mechanical integrity test shall be conducted at least once every five years on all injection wells to determine that there is no leak in the casing, and no fluid movement into an underground source of water other than that from which the fluid was produced, unless otherwise approved by the Department.

The Department may require surveys to detect movement of fluid in adjacent rock formations, cement bond logs, special wellhead equipment, or other methods employed by industry to monitor re-injection operations.

8. This permit is valid if and only if 100 percent of the groundwater extracted from the production wells for use under this permit (that is not diverted under another previously authorized groundwater right), is reinjected back into the authorized injection well in a manner that can be confirmed by the reported flow meter data. Any volume of groundwater diverted from these wells for use under any other water right must be measured with a dedicated flowmeter at the point where diversion takes place. If this condition is not met the use is invalid and subject to regulation, including possible immediate cancellation of the permit.

9. Well Identification Tag Condition:

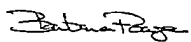
Prior to using water from any well listed on this permit, the permittee shall ensure that the well has been assigned an OWRD Well Identification Number (Well ID tag), which shall be permanently attached to the well. The Well ID shall be used as a reference in any correspondence regarding the well, including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

The water source identified in 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 the proposed water use.

If you have any questions:

Feel free to contact me at Barbara.J.Poage@oregon.gov or 503-986-0859 if you have any questions regarding the contents of this letter or the application. Please include the application number in all correspondence. 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: Barbara Poage, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1266. Our fax number is 503-986-0901.

Sincerely,



Barbara Poage
Water Right Application Specialist
Oregon Water Resources Department

Enclosures: Application Process Description and Stop Processing Request Form

G-18594
WAB: no psi

APPLICATION FACT SHEET

Application File Number: G-18594

Applicant: SURPRISE VALLEY ELECTRIC CORP

County: LAKE

Watermaster: Brian Mayer, 12, SCR

Priority Date: January 2, 2018

Source: PRODUCTION WELLS SVE1 (LAKE 52530/L117043) AND SVE2 (LAKE 52529/L117044), AND RE-INJECTION WELL, SVE3 (LAKE 52812), IN CHEWAUCAN RIVER BASIN

Use: INDUSTRIAL USE (INCLUDING GEOTHERMAL POWER)

Quantity: 6.7 CUBIC FEET PER SECOND

Basin Name & Number: Goose and Summer Lakes, #13

Well Location(s):

POA Name	Twp	Rng	Mer	Sec	Q-Q	Measured Distances
PRODUCTION WELL SVE1 (LAKE 52530/L117043)	33 S	18 E	WM	23	NW SW	2090 FEET NORTH AND 1275 FEET EAST FROM SW CORNER, SECTION 23
PRODUCTION WELL SVE2 (LAKE 52529/L117044)	33 S	18 E	WM	23	SW NE	2665 FEET NORTH AND 1725 FEET WEST FROM SE CORNER, SECTION 23
RE-INJECTION WELL SVE3 (LAKE 52812)	33 S	18 E	WM	24	SW NW	2220 FEET SOUTH AND 1190 FEET EAST FROM NW CORNER, SECTION 24

Place of Use:

Twp	Rng	Mer	Sec	Q-Q
33 S	18 E	WM	23	NE SE

PUBLIC NOTICE DATE: October 9, 2018

14 DAY STOP PROCESSING DEADLINE DATE: October 19, 2018

30 DAY COMMENT DEADLINE DATE: November 8, 2018

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

In order to use the waters of Oregon, an application must be submitted and a permit obtained from the Water Resources Department. The water must be used for beneficial purpose without waste. For more information 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.
- An 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.
- **An 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.

5. Final Order (FO)

- If no protest is filed, Final Order is issued.

The protest process

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

- settlement discussion;
- contested case hearing;
- proposed Order;
- period of time to file exceptions; or
- Possible hearing by Water Resources Commission.
- Final Order is 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 the 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.

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

- Stop processing deadline is within 14 days of Initial Review.
- Applicant notification to withdraw Water Right Application **G-18594**.
- After reviewing the Initial Review for my application, I request that processing be stopped and the fees be refunded (minus a \$260 processing 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 \$260 examination fee) be returned.
- This notice must be received at Water Resources Department by:

October 19, 2018

- Return the notice to:

OWRD, Water Right Services Division
STOP PROCESSING
725 Summer Street, NE - Suite A,
Salem OR, 97301-1271
