

**Oregon Water Resources Department**  
**Water Right Services Division**

**Application for Extension of Time**

In the Matter of the Application for an Extension of Time	)	
for Permit G-15710, Water Right Application G-15977, in	)	PROPOSED
the name of McEst Ranches, LLC; Brad and June Allen; and	)	FINAL
Northwest Farm Credit Services, FLCA		ORDER

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Permit Information

Application:	G-15977
Permit:	G-15710
Basin:	9 – Powder / Watermaster District 8
Date of Priority:	April 4, 2003
Source of Water:	Well A, Well B, Well C, Well D, Well E, Well F, Well G, Well H, Well I, Well J, Well K, Well L, Well M, Well O, Well P, and Well R, in Powder River Basin
Purpose or Use:	Irrigation use on 93.3 acres; and supplemental irrigation use on 3,365.8 acres
Maximum Rate:	17.98 cubic feet per second (cfs); being 0.89 cfs from Well A; 4.5 cfs from each Well B and Well E; 0.25 cfs from each Well C, Well F, Well G, Well H, Well I, Well J, Well L, Well M, Well O, Well P, and Well R; 3.34 cfs from Well D; and 2.0 cfs from Well K

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***Please read this Proposed Final Order in its entirety as it contains additional conditions not included in the original permit.***

*In Summary, the Department proposes to:*

- Grant an extension of time to apply water to full beneficial use from October 1, 2018, to October 1, 2023<sup>1</sup>.
- Make the extension subject to certain conditions set forth below.

This Extension of Time request is being processed in accordance with Oregon Revised Statute 537.630 and 539.010(5), and Oregon Administrative Rule Chapter 690, Division 315.

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<sup>1</sup>Pursuant to ORS 537.630(5), upon the completion of beneficial use of water allowed under the permit, the permittee shall hire a certified water rights examiner to survey the appropriation. Within one year after the complete application of water to a beneficial use (or by the date allowed for the complete application of water to a beneficial use), the permittee shall submit a map of the survey and a new or revised claim of beneficial use as deemed appropriate by the Department.

## ACRONYM QUICK REFERENCE

Application – Application for Extension of Time  
Department – Oregon Department of Water Resources  
FOF – Finding of Fact  
PFO – Proposed Final Order  
cfs - cubic feet per second

## POINTS OF APPROPRIATION

<u>Well A</u> BAKE 2140	<u>Well F</u> BAKE 1944	<u>Well K</u> BAKE 50717	<u>Well R</u> not constructed
<u>Well B</u> BAKE 52275	<u>Well G</u> BAKE 50835	<u>Well L</u> BAKE 139	<u>Well S</u> BAKE 52394
<u>Well C</u> BAKE 88	<u>Well H</u> BAKE 50836 / BAKE 51045	<u>Well M</u> BAKE 136	<u>Well T</u> BAKE 52392
<u>Well D</u> BAKE 51046	<u>Well I</u> BAKE 86 / BAKE 87	<u>Well O</u> BAKE 132	<u>Well U</u> BAKE 52393
<u>Well E</u> BAKE 52603	<u>Well J</u> not constructed	<u>Well P</u> not constructed	<u>Well 1</u> BAKE 51323

## **AUTHORITY**

Generally, see ORS 537.630 and OAR Chapter 690 Division 315.

**ORS 537.630(2)** provides in pertinent part that the Oregon Water Resources Department (Department) for good cause shown shall order and allow an extension of time within which irrigation or other works shall be completed or the right perfected. In determining the extension, the Department shall give due weight to the considerations described under ORS 539.010(5) and to whether other governmental requirements relating to the project have significantly delayed completion of construction or perfection of the right.

**ORS 539.010(5)** instructs the Director to consider: the cost of the appropriation and application of the water to a beneficial purpose; the good faith of the appropriator; the market for water or power to be supplied; the present demands therefor; and the income or use that may be required to provide fair and reasonable returns upon the investment.

**OAR 690-315-0040** provides that in order to approve an application for an extension of time to complete construction or apply water to full beneficial use, the Department shall make the findings in OAR 690-315-0040(1) including a finding that there is “good cause” to approve the extension. OAR 690-315-0040(2)-(4) contains the factors that the Department must consider to make findings that support a “good cause” determination.

**OAR 690-315-0050(5)** states that extension orders may include, but are not limited to, any condition or provision needed to: ensure future diligence; mitigate the effects of the subsequent development on competing demands on the resource; and periodically document the continued need for the permit.

## **FINDINGS OF FACT**

1. On August 19, 2004, Permit G-15710 was issued by the Department. The permit authorizes the use of up to 17.98 cfs; being 0.89 cfs from Well A; 4.5 cfs from each Well B and Well E; 0.25 cfs from each Well C, Well F, Well G, Well H, Well I, Well J, Well L, Well M, Well O, Well P, and Well R; 3.34 cfs from Well D; and 2.0 cfs from Well K in Powder River Basin for irrigation use on 93.3 acres and supplemental irrigation use on 3,365.8 acres. The permit specified complete application of water was to be made on or before October 1, 2008.
2. On October 30, 2014, an assignment of Permit G-15710 was recorded in the records of the Water Resources Department. The Department records show Brad and June Allen; Northwest Farm credit Services, FLCA; and McEst Ranches, LLC as the permit holders of record.
3. One prior permit extension has been granted for Permit G-15710. The most recent extension request resulted in the completion dates for construction and full application of water being extended from October 1, 2008, to October 1, 2018.
4. On December 12, 2018, Brad and June Allen, and Bill Dolsen, manager for McEst Ranches, LLC, and Craig Shindler, Branch Manager for Northwest Farm Credit Services, submitted an “Application for Extension of Time” (Application) to the Department, requesting the time to apply water to full beneficial use under the terms and conditions of Permit G-15710 be extended from 2018, to October 1, 2023.
5. On December 18, 2018, notification of the Application for Permit G-15710 was published in the Department’s Public Notice. No public comments were received regarding the Application.

### **Review Criteria [OAR 690-315-0040]**

*In order to approve an Application for an Extension of Time to complete construction and/or apply water to full beneficial use pursuant to ORS 537.230 or 537.630, or to begin construction, pursuant to ORS 537.248, the Department must make the findings in OAR 690-315-0040(1)(a) – (d).*

### **Complete Extension of Time Application [OAR 690-315-0040(1)(a)]**

6. On December 12, 2018, the Department received a completed Application and the fee specified in ORS 536.050 from the permit holder.

**Start of Construction [OAR 690-315-0040(1)(b) and 690-315-0040(5)]**

7. Construction of the well began prior to permit issuance.
8. According to the well log received by the Department on January 26, 1966, construction of BAKE 88 (Well C) began August 17, 1965.

Based on Finding of Fact (FOF) 7, and 8, the Department has determined that the prosecution of the construction of the well began prior to October 1, 2008.

**Good Cause [OAR 690-315-0040(1)(d)]**

*The Department must find that there is “good cause” to approve the extension. In making a “good cause” finding, the Department shall consider the requirements set forth under OAR 690-315-0040(2).*

**Reasonable Diligence of the Appropriator [OAR 690-315-0040(2)(a)]**

*In order to make a finding of “good cause” to approve the extension, the Department shall consider whether the applicant has demonstrated “reasonable diligence” in previous performance under the permit. OAR 690-315-0040(2)(a). In determining “reasonable diligence”, the Department shall consider, but is not limited to, the following factors: a) The amount of construction completed within the time allowed in the permit or previous extension; b) The amount of beneficial use made of the water during the permit or previous extension time limits; c) Water right holder conformance with the permit or previous extension conditions; and d) Financial investments made toward developing the beneficial use of water.*

**Amount of Construction [OAR 690-315-0040(3)(a)]**

*The amount of construction completed within the time allowed in the permit or previous extension.<sup>2</sup>*

9. Construction of BAKE 2140 (Well A), Well C, BAKE 51046 (Well D), BAKE 1944 (Well F), BAKE 50835 (Well G), BAKE 50836 /BAKE 51045 (Well H), BAKE 86 / BAKE 87 (Well I), BAKE 50717 (Well K), BAKE 139 (Well L), BAKE 136 (Well M), and BAKE 132 (Well O), began prior to permit issuance.
10. Work was accomplished during the original development time frame under Permit G-15710 is as follows:
  - installed two pivots;
  - installed pumps;
  - installed mainline pipes; and
  - constructed BAKE 51323 (Well 1)

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<sup>2</sup> “Actual Construction” is defined in OAR 690-315-0020(3)(d)(A)and(B) as physical work performed toward completion of the water system which demonstrates the water right permit holder’s good faith and intention to complete the project with reasonable diligence. Actual construction does not include planning a diversion system, formulating a business plan, securing financing, letting contracts, purchasing but not installing equipment, surveying, clearing land or planting crops.

11. During the most recent extension period, being from October 1, 2008, to October 1, 2018, the following was accomplished:

- constructed BAKE 52275 (Well B);
- constructed BAKE 52392 (Well T);
- constructed BAKE 52393 (Well U);
- constructed BAKE 52394 (Well S); and
- constructed BAKE 52603 (Well E)

Based on FOF 11, the Department has determined that work has been accomplished during the last extension period, which provides evidence of good cause and reasonable diligence towards the complete application of water to a beneficial use.

**Compliance with Conditions [OAR 690-315-0040(3)(c)]**

*The water right permit holder's conformance with the permit and previous extension conditions.*

12. The Department has considered the permit holder's compliance with conditions, and did not identify any concerns.

Based on FOF 12, the Department has determined that the permit holder has demonstrated compliance with permit conditions as required by Permit G-15710.

**Beneficial Use of Water [OAR 690-315-0040(3)(b)]**

*The amount of beneficial use made of the water during the permit time limits and previous extension.*

13. A maximum rate of 17.23 cfs of water, being 0.89 cfs from Well A, 4.5 cfs from Well B, 0.25 cfs from Well C, 3.34 cfs from Well D, 4.5 cfs from Well E, 0.25 cfs from Well F, 0.25 cfs from Well G, 0.25 cfs from Well H, 0.25 cfs from Well I, 2.0 cfs from Well K, 0.25 cfs from Well L, 0.25 cfs from Well M, and 0.25 cfs from Well O, has been appropriated, for irrigation and supplemental irrigation use on 3,459.1 acres.

Based on FOF 12, and 13, the Department has determined that beneficial use of water has been demonstrated under this permit as all permit conditions were satisfied by October 1, 2018.

**Financial Investments to Appropriate and Apply Water to a Beneficial Purpose [OAR 690-315-0040(2)(b),(3)(d),(4)(d)]**

14. An investment of approximately \$1,950,000, has been made, which is the total projected cost for complete development of this project.

Based on FOF 14, the Department has determined that the permit holder had made an investment, which provides evidence of good cause and reasonable diligence towards the complete application of water to a beneficial use.

### **Reasonable Diligence of the Appropriator [OAR 690-315-0040(2)(a)]**

The Application provides evidence that work has been accomplished towards completion of the water system; the permit holder has demonstrated compliance with permit conditions, a financial investment has been made, and; beneficial use of water has been demonstrated. The Department has determined the applicant has demonstrated reasonable diligence in previous performance under Permit G-15710.

### **The Market and Present Demands for Water [OAR 690-315-0040(4)(a-f)]**

*The Department's determinations of market and present demand for water or power to be supplied shall consider the requirements set forth under OAR 690-315-0040(4)(a-f). In accordance with OAR 690-315-0040(4), the Department shall consider, but is not limited to, the following factors when determining the market and the present demand for water or power to be supplied:*

- *(a) The amount of water available to satisfy other affected water rights and scenic waterway flows;*
- *(b) Special water use designations established since permit issuance, including but not limited to state scenic waterways, federal wild and scenic rivers, serious water management problem areas or water quality limited sources established under 33 U.S.C. 1313(d);*
- *(c) The habitat needs of sensitive, threatened or endangered species, in consultation with the Oregon Department of Fish and Wildlife;*
- *(d) Economic investment in the project to date;*
- *(e) Other economic interests dependent on completion of the project; and*
- *(f) Other factors relevant to the determination of the market and present demands for water and power.*

### **OAR 690-315-0040(4)(a)**

The amount of water available to satisfy other affected water rights and scenic waterway flows.

15. A review of the amount of water available to satisfy other affected water rights and scenic waterway flows was determined at the time of issuance of Permit G-15710; furthermore, water availability for other affected water rights and scenic waterway flows after the permit was issued is determined when an Application for a new water right is submitted.

### **OAR 690-315-0040(4)(b)**

Special water use designations established since permit issuance, including but not limited to state scenic waterways, federal wild and scenic rivers, serious water management problem areas or water quality limited sources established under 33 U.S.C. 1313(d).

16. The points of appropriation for Permit G-15710, located within the Powder River Basin, are not located within a limited or critical groundwater area.
17. Powder River is not located within or above any state or federal scenic waterway.

18. The points of appropriation are not in an area listed by the Department of Environmental Quality as a water quality limited stream.

**OAR 690-315-0040(4)(c)**

The habitat needs of sensitive, threatened or endangered species, in consultation with the Oregon Department of Fish and Wildlife.

19. Powder River is located within an area ranked “high” for stream flow restoration needs as determined by the Department in consultation with the Oregon Department of Fish and Wildlife, and is located within a Sensitive, Threatened or Endangered Fish Species Area as identified by the Department in consultation with Oregon Department of Fish and Wildlife.

**OAR 690-315-0040(4)(d)**

Economic interests dependent on completion of the project.

20. An approximate total of \$1,950,000 has been invested in the project.

**OAR 690-315-0040(4)(e)**

Other economic interests dependent on completion of the project.

21. Other economic interests dependent on the completion of the project include twenty-five employees who work on the ranch.

**OAR 690-315-0040(4)(f)**

Other factors relevant to the determination of the market and present demand for water and power.

22. No other factors relevant to the determination of the market and present demand for water and power have been identified.

**Fair Return Upon Investment [OAR 690-315-0040(2)(f)]**

23. The use and income from the permitted water development will likely result in reasonable returns upon the investment made to date.

**Other Governmental Requirements [OAR 690-315-0040(2)(g)]**

24. Delay in the development of this project was not caused by any other governmental requirements.

**Unforeseen Events [OAR 690-315-0040(2)(h)]**

25. No unforeseen events were identified that contributed to the extended the length of time needed to fully develop and perfect Permit G-15710.

**Denial of the Extension Will Result in Undue Hardship [OAR 690-315-0040(2)(i)]**

26. A denial of the extension would result in undue hardship, and that there are no other reasonable alternatives exist for meeting water use needs. The primary surface water rights are not reliable, and the permit holders have invested heavily in construction of wells to provide adequate irrigation water.

**Good Faith of the Appropriator [OAR 690-315-0040(2)(c)]**

27. The Application provides evidence of good faith of the appropriator under Permit G-15710.

Based on FOF 7, through 14, and 20, the Department has determined that the applicant has shown good faith and reasonable diligence.

**Duration of Extension [OAR 690-315-0040(1)(c)]**

*Under OAR 690-315-0040(1)(c), in order to approve an extension of time for water use permits the Department must find that the time requested is reasonable and the applicant can complete the project within the time requested.*

28. As of December 12, 2018, the remaining work is complete. The extension of time is necessary to complete the review of Permit Amendment T-12288, to authorize Well S, Well T, Well U, and Well 1; and to change the place of use for a portion of the permit.

Given the amount of development left to occur, the Department has determined that the permit holder's request to have until October 1, 2023 to accomplish the application of water to beneficial use under the terms and conditions of Permit G-15710 is both reasonable and necessary.

**Good Cause [OAR 690-315-0040(1)(d)]**

*The Department must find that there is "good cause" to approve the extension. In making a "good cause" finding, the Department shall consider the requirements set forth under OAR 690-315-0040(2).*

The Department has considered the reasonable diligence and good faith of the appropriator, the cost to appropriate and apply water to a beneficial purpose, the market and present demands for water to be supplied, the financial investment made and fair and reasonable return upon the investment, the requirements of other governmental agencies, and unforeseen events over which the permit holder had no control, whether denial of the extension will result in undue hardship to the applicant and whether there are no other reasonable alternatives for meeting water use needs, any other factors relevant to a determination of good cause, and has determined that the applicant has shown that good cause exists for an extension of time to apply water to full beneficial use pursuant to OAR 690-315-0040(1)(d).



## **LIMITATIONS AND CONDITIONS**

1. OAR 690-315-0050(5) provides for extension orders to include, but are not limited to, any condition or provision needed to ensure future diligence, and/or mitigate the effects of the subsequent development on competing demands on the resource. Based on FOF 3, and 28, the Department determined the need to place a “Last Extension Condition” on this extension of time in order to ensure diligence is exercised in the development and perfection of the water use permit. This condition, specified under Item 1 of the “Conditions” section of this PFO, was determined to be necessary due to approval of this extension of time to October 1, 2023, authorizes nineteen years to develop the use under this permit.

## **CONCLUSIONS OF LAW**

1. The applicant has submitted a complete extension application form and the fee specified in ORS 536.050, as required by OAR 690-315-0040(1)(a).
2. The applicant has complied with the construction timeline requirements to begin construction as required by ORS 537.630, OAR 690-315-0040(1)(b) and OAR 690-315-0040(5).
3. Based on Finding of Facts 7, through 27, full application of water to beneficial use can be accomplished by October 1, 2023, as required by OAR 690-315-0040(1)(c).
4. The applicant can complete the project within the time period requested for the extension on the project, but the extension is conditioned to ensure future diligence and/or mitigate the effects of the subsequent development on competing demands on the resource and is granted only for the reasonable time necessary to complete water development and apply water to beneficial use. OAR 690-315-0050(5).
5. The applicant has demonstrated good cause for the extension, but the extension must be conditioned to ensure this is the last extension granted in order to ensure future diligence; OAR 690-315-0050(5).
6. For extensions exceeding five years, the Department shall establish progress checkpoints to determine if diligence is being exercised in the development and perfection of the water use permit. Intervals between progress check points will not exceed five years periods, as required by OAR 690-315-0050(6).

**continued on following page**

## PROPOSED ORDER

Based upon the foregoing Findings of Fact and Conclusions of Law, the Department proposes to issue an order to:

Extend the time to apply water to beneficial use under Permit G-15710 from October 1, 2018, to October 1, 2023.

Subject to the following conditions:

### LIMITATIONS AND CONDITIONS

1. **Last Extension Condition**

This shall be the last extension of time granted for Permit G-15710. Any future extensions of time request shall be denied.

DATED: January 29, 2019

  
Dwight French, Administrator,  
Water Right Services Division

*If you have any questions,  
please check the information  
box on the last page for the  
appropriate names and  
phone numbers.*

#### Proposed Final Order Hearing Rights

1. Under the provisions of OAR 690-315-0100 and 690-315-0060, the applicant or any other person adversely affected or aggrieved by the proposed final order may submit a written protest to the proposed final order. The written protest must be received by the Water Resources Department no later than **March 15, 2019**, being 45 days from the date of publication of the proposed final order in the Department's weekly notice.
2. A written protest shall include:
  - a. The name, address and telephone number of the petitioner;
  - b. A description of the petitioner's interest in the proposed final order and if the protestant claims to represent the public interest, a precise statement of the public interest represented;
  - c. A detailed description of how the action proposed in the proposed final order would adversely affect or aggrieve the petitioner's interest;
  - d. A detailed description of how the proposed final order is in error or deficient and how to correct the alleged error or deficiency;
  - e. Any citation of legal authority supporting the petitioner, if known;

