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July 18, 2000

Adam Sussman
 Water Resources Department
 158 12th Street NE
 Salem, OR 97310

Re: City of Dayton and City of Lafayette Water Project
 WRD Application Nos. G-14385 and G-14386

Dear Adam:

I am pleased to report that all parties to the subject contested case have signed the enclosed Settlement Agreement, which we negotiated during our recent mediation. Please note that under the terms of the Settlement Agreement, execution constitutes withdrawal of the Irrigators' protests in accordance with OAR 690-020-110. Therefore, we ask that the contested case be dismissed and that the permits be issued.

Thank you for your cooperation. Your assistance in achieving a settlement in this case was invaluable and very much appreciated.

Very truly yours,

Davis Wright Tremaine LLP

Richard M. Glick

RMG:jb
 Encl.

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JUL 19 2000

WATER RESOURCES DEPT.
 SALEM, OREGON

Adam Sussman
July 18, 2000
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cc ALJ Weisha Mize
Steve Claussen
Sam Sweeney
Carl Dauenhauer
Bob Willoughby
Sue Hollis
Pam Beery
Jeff Barry
Ed Sigurdson

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SETTLEMENT AGREEMENT

WATER RESOURCES DEPT.
SALEM, OREGON

RECITALS

1. The Cities of Lafayette and Dayton (the "Cities") are the proponents of Application Nos. G-14385 and G-14386 to appropriate groundwater in Yamhill County for municipal uses (the "Project"), which applications are pending before the Oregon Water Resources Department ("WRD"). The Cities seek water rights in their proprietary capacity as water utilities and nothing in this Settlement Agreement is intended as a limitation on the Cities' governmental authority.
2. The Dayton Prairie Water Users Association, an unincorporated association of concerned local landowners; the Palmer Creek Water Improvement Company, a public corporation organized under ORS 554.010; and the Yamhill County Soil and Water Conservation District, a special district organized under ORS 568.210-568.801, have filed protests at the WRD to the Cities' applications. Collectively these entities and individuals are referred to herein as the "Irrigators".
3. The Irrigators recognize that the wells represented by Application Nos. G-14385 and G-14386 will provide a necessary source of supplemental water for the Cities because of inadequacies in the current system. The Cities are currently undertaking repairs to the existing system to minimize those deficiencies and the Cities represent that they will take all necessary steps to assure that the existing sources are an integral part of their goals for a fully developed, efficient water supply.
4. The Cities and the Irrigators (collectively the "Parties") wish to amicably resolve their differences through this Settlement Agreement.

AGREEMENT

1. Monitoring and Contingency Plans.

- a. The Cities will follow the Groundwater Monitoring Plan, attached to this Agreement as Exhibit A. The Plan is intended to prevent harm to senior water users and will be incorporated as a condition in water rights permits to be issued by the WRD. The plan may be modified to meet changing conditions without the need for a permit amendment, after consultation with the Dayton Prairie Groundwater Management Advisory Board (Advisory Board) and with the concurrence of the WRD. The Parties agree that the procedures in the Monitoring Plan for determining interference with others' wells are the exclusive means for doing so.
- b. The Cities will follow the Groundwater Contingency Plan, attached to this Agreement as Exhibit B, but will not be incorporated in the water rights permits. The plan may be modified to meet changing conditions without the need for a permit amendment, after

consultation with the Advisory Board.

c. The Irrigators shall cooperate with monitoring efforts, including allowing access to their wells; this may entail installation of permanent measuring devices. The Irrigators will also use their best efforts to persuade other water users to cooperate as necessary. It is the Advisory Board's responsibility to find and replace accessible Irrigator monitoring sites as necessary.

d. The Irrigators will pay all costs for modification of wells necessary to accept monitoring equipment. In addition, participating owners of wells (or others) in the monitoring program will contribute 50% of the cost of transducers and data loggers. If the transducers remain in place for at least five years, it becomes the property of the well owner.

2. Water Management and Conservation Plans.

a. The Cities shall each develop a Water Management and Conservation Plan consistent with OAR Chapter 690, Division 86, which will provide for efficient use of water and coordination with senior water users to minimize the potential for interference. After approval of the initial plans by the WRD, the plans may be modified to meet changing conditions without the need for a permit amendment, after consultation with the Advisory Board and with the concurrence of the WRD.

b. The Water Management and Conservation Plan for each City shall address, among other things, efficient water use and avoidance of waste. The plans will be integrated into the Cities' ongoing water master planning, which shall include a preference for regional water supply development to meet future needs. The existing water supply system shall be the primary source of supply for the Cities and water use under the Project shall be limited to any deficiency in the existing supply sources, either with respect to quantity or quality. It is acknowledged by the Parties that the Lafayette City Park Well and the Dayton Post Office Well presently are deficient in quality and may soon cease to serve domestic uses, but will continue to serve other municipal uses:

c. In order to promote cooperative water management, the Advisory Board will be established by the Cities as a public benefit corporation under ORS Chapter 65. The Board shall consist of five members, including one representative from the City of Dayton, one representative from the City of Lafayette, a local landowner (preferably participating in the monitoring program), one representative from the Palmer Creek Water Improvement Company, and one representative from the Yamhill County Soil and Water Conservation District. The Advisory Board will be timely provided with all data gathered pursuant to the monitoring plan. Further, the Cities will provide the Advisory Board in timely manner with data on the level and flows from existing sources. The Cities will convene the Board by November 1st, 2000, and thereafter from time to time to discuss any water-related topic suggested by any member. Topics would include, among other things, the potential for providing domestic water assistance to local landowners from the Project, strategies for developing a regional water supply system, and ways to anticipate and avoid harm to senior water users.

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SALEM, OREGON

d. Nothing in this Settlement Agreement confers authority upon the Advisory Board established in paragraph 2.c. above over the Cities in the exercise of their powers to develop, construct, and operate municipal water utilities. The Cities shall retain sole discretion to operate their water systems in accordance with their water rights permits and subsequent certificates, the referenced plans and this Settlement Agreement.

e. The Cities shall retain sole discretion to operate their water systems in accordance with their water rights permits and subsequent certificates, the referenced plans and this Settlement Agreement.

3. Limitation on Place of Use. To the extent permitted by law, the Cities shall not convey water rights to the Project for use outside of the Urban Growth Boundary as it now exists and may be lawfully altered in the future, or incorporate the Project into any regional municipal water supply system. Provided, however that the Cities are not prohibited from continuing to serve existing customers outside of the Urban Growth Boundary at the time of the conveyance, or from transferring the water rights for the Project to agricultural irrigation purposes outside of the Urban Growth Boundary.
4. Dispute Resolution. The Parties shall seek to resolve disputes under this Settlement Agreement through mediation. Disputes arising from alleged violation of WRD permit conditions shall, after failure of mediation, be brought to the WRD for resolution.
5. Withdrawal of Protests. Execution of this agreement constitutes withdrawal by the Irrigators of their protests in accordance with OAR 690-020-110. The Cities agree not to protest the Final Order issued by the WRD for the Project.

6. Miscellaneous

a. This Settlement Agreement is subject to WRD approval of permits substantially in the form of the attached Exhibit C.

b. This Settlement Agreement may be signed in counterparts, which shall have the same effect as though all signatures appeared on the same page.



Theresa Syphers, Mayor, for City of Lafayette

DATED: 5-11-00

Georgia M. Windish, Mayor, for City of Dayton

DATED: _____

CONFIDENTIAL

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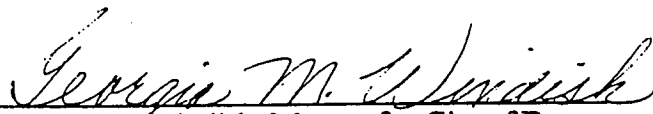
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Theresa Syphers, Mayor, for City of Lafayette

DATED: _____



Georgia M. Windish, Mayor, for City of Dayton

DATED: May 1, 2000

Tim Kreder, for Dayton Prairie Water Users Assn.

DATED: _____

Sam Sweeney

Sam Sweeney, for Yamhill County Soil
And Water Conservation District

DATED: 5-10-00

Carl Dauenhauer, for Palmer Creek Water
Improvement Company


DATED: _____

Tim Kreder, for Dayton Prairie Water Users Assn.

DATED: _____

Sam Sweeney, for Yamhill County Soil
And Water Conservation District

DATED: _____



Carl Dauenhauer, for Palmer Creek Water
Improvement Company

DATED: 5-11-00

EXHIBIT A
GROUNDWATER MONITORING PLAN
Cities of Dayton and Lafayette Water Supply System
4/26/00

Introduction

The following plan is to provide direction for monitoring groundwater affected by the proposed Dayton/Lafayette wells in cooperation with Dayton Prairie water users. The intent of the Plan is to gather data and to evaluate it to avoid water shortages during periods of peak withdrawal. This is intended to be a cooperative effort between the Cities and local water users and assumes that the cost for collecting and evaluating the data will be shared in the manner set forth herein. The number of monitoring locations and frequency of monitoring described in this plan is may be increased depending upon the level of cost sharing.

Objectives:

- Protect the groundwater resource in the area from over-pumping.
- Gather data in a timely manner in order to develop a management strategy to avoid water shortages for Dayton Prairie Water Users
- Provide data to allow for an objective evaluation of pumping effects in the area so that informed and fair decisions can be made about whether an impact caused by City well pumping has occurred; and to assess for, and reduce the potential for future impacts.
- Obtain baseline water level data in the Dayton Prairie region so that changes resulting from City-well pumping can be differentiated from existing conditions: includes defining seasonal fluctuations.

Monitoring Locations

Table 1 provides a listing of non-City wells that will be considered for monitoring. Accessibility and well owner cooperation will have to be verified prior to final well selection. If the Advisory Board is unable to locate sufficient accessible wells, the monitoring outlined below will be reduced accordingly.

Table 1 – Potential Candidate Monitoring Locations, Dayton/Lafayette Well Field Project

Well Name (permit#)	Owner	Depth	Transducer (Y/N)	Location	Comments
Kreder Well (G11103)	Tim Kreder	200'+	Y	Dayton-Amity Highway (East)	Closest to project, open to shallow and deep zones
Kauer Well (G5158 or G5138)	Kauer	<200'	N	Dayton-Amity Highway (North)	Two possible wells (shallow), select well that is least used.
Brannon well (G11886)	B. Brannon	200'+	N	Dayton-Amity Highway (North)	Deep well, large producer.
KCK Well (G8559)	Craig Coleman	200'+	N	Dayton-Amity Highway (South)	New well, submersible pump
Brown Well	Brown	200'+	N	(Southwest)	Furthest away
Cruickshank	Gary Cruickshank	?	N	Dayton-Amity Highway (Southeast)	State monitoring well?

Data Collection Protocols

Water level data will be collected by trained City staff, assistant Water Master, WRD staff, certified water rights examiner, registered professional geologist, registered professional engineer, licensed well constructor, or licensed pump installer. Permission to access each well must be obtained in writing from the well owner. The schedule for measuring water levels will be coordinated with the well owner. Manual measurements will be made using an electronic water level probe to the nearest 0.1 foot. No data will be collected, other than water level data, without the permission of the landowners. All manually collected data will be recorded on pre-printed data collection forms. If possible, data should be collected by the same person(s) each time and the measurement should be taken after the well has been off for a period of time (8+ hours). The time when the well was last pumped must be noted on the data collection form. At least two measurements should be taken to confirm accuracy of the measurement and whether or not water levels are rising or falling (pump on condition). Transducer data should be collected hourly initially until an appropriate measurement interval can be selected. It will be recorded collected and saved between March and July. Transducer data will be collected and evaluated twice per month in July through September. Manual measurements should be made at all transducer locations to provide redundancy.

Data Collection Frequency

Amendments to this data collection program will be explored by the Cities in consultation with the Advisory Board, and subject to approval of the WRD.

1. Baseline water level monitoring will be conducted in three non-City wells for up to one year to establish baseline conditions prior to the City beginning pumping. Manual measurements will be collected once in March (or as soon as possible) and once in September. WRD will install, operate, and maintain two data loggers and transducers during the baseline monitoring period. One transducer will be installed in City Well No. 1 (presently idle) and one in the "Kreder well", well # YAMH712. Baseline specific capacity measurements (estimated pumping rate divided by drawdown after one hour) will be made twice in non-City wells to establish baseline well performance; once as soon as possible prior to project construction and before the irrigation season begins, and second during the peak pumping season (September). To the extent possible, the pumping rate will be measured or estimated on the basis of pump horsepower, pumping level, length of piping, and sprinkler configuration.
2. Phase 1 (after first pumping occurs, approximately April 2001)

Manual water level monitoring will occur in three non-City wells (depending on well availability): once in March, and once in September of each year to track any long-term declines. The March measurement will provide the basis for comparing subsequent yearly measurements as prescribed in the permit. This monitoring shall continue for at least five years, unless one of the triggers, contained in the permit, occurs. If a trigger occurs, then the monitoring will continue for an additional three years from that time. The "Kreder well" will have a transducer. The owner of the "Kreder well" will pay 50% of the costs for the equipment. If the transducer remains in place for five years, it becomes his property. The transducer measurements will continue until the end of the monitoring requirements of Phase 2.

After 5 years, the Cities will reevaluate the monitoring in consultation with the Advisory Board and subject to the approval of the WRD.

3. Phase 2 (after all wells are drilled and plumbed)

Water level monitoring will occur once in March, April, and June of each year to track any long-term declines and interference during the irrigation season at five non-City wells. The March measurement will provide the basis for comparing subsequent yearly measurements. In addition, measurements will be taken twice a month, in July, August, and September.

Two continuous water level measuring devices will be installed in non-City wells and one in City wells. Water level measurements, collected using a transducer and data logger, will be obtained between the months of June through September to track seasonal declines and interference during the irrigation season. The data will be uploaded from the data logger twice per month during this period. The non-City water users will pay 50% of the costs of non-City monitoring equipment. If these remain in place for five years, they become the property of the landowner.

The monitoring will continue for five years, unless the triggers contained in the permit occur. If a trigger occurs, then the monitoring will continue for an additional five years from that time.

Data Evaluation

Care must be exercised when evaluating these data because there are numerous factors that can affect water levels including pumping, seasonal weather changes, and drought. Wells in the Prairie area are installed to differing depths and may react differently to seasonal aquifer level fluctuations and pumping. Water level trends will be evaluated by the City on an ongoing basis so that the rate of decline in water levels that exceed typical seasonal fluctuations can be identified.

The following data evaluation steps will be taken by the City:

- Manual and electronic data will be entered into a database (or spreadsheet table) and transmitted to WRD for their review analysis and so that it can be available to the public within 3 days of data collection. Water level hydrographs for each well will be plotted by WRD as the database is updated. Raw data will be made available upon request.
- Trends in water levels will be checked at the frequency of data collection to identify a potential problem before it becomes a problem.
- Water level measurements in March of each year will be compared to assess general aquifer level on a year-to-year basis.

The plan may be modified with written approval from WRD and after consultation with the Dayton-Prairie Groundwater Management Advisory Board. A request to modify ongoing

monitoring may be proposed if the monitoring data indicate that City well pumping, at full permitted rates during the irrigation season, is unlikely to cause harm to senior water users. Reasons to discontinue monitoring, that is being done in addition to requirements in the permits, may include and are not limited to the following:

- 1) there is redundancy in water level response between monitoring locations,
- 2) there is no apparent connection between City well pumping and the monitoring location,
- 3) there is no discernable trend or response relative to previously collected data (e.g., variability in water levels masks any response due to City well pumping).

EXHIBIT B CONTINGENCY PLAN

Cities of Dayton and Lafayette Water Supply System

4/26/00

Introduction

The contingency Plan is intended as a framework for proactive management of the Dayton Prairie Groundwater resource. As written, it outlines measures to be taken to address complaints or concerns expressed by senior water users. The Cities share a strong interest in recognizing and avoiding potential harm before it reaches the crisis point.

Definition of Harm

Harm to a senior water user is defined in the permit according to the following criteria:

- 1) An average water level decline of three or more feet per year for five consecutive years, or
- 2) A water level decline of 15 or more feet in fewer than 5 consecutive years, or
- 3) A water level decline of 25 or more feet in total, or
- 4) Water level measurements obtained during the irrigation season show hydraulic interference is occurring that leads to a decline of 25 or more feet in any neighboring well with senior priority.

Program Requirements Triggered by Complaint that the City Has Caused Harm

If there is a complaint that a City well or wells has caused harm to a senior water user, the City will evaluate the complaint by:

- 1) meeting with the affected well owner within one business day to discuss the concern,
- 2) obtaining water level and pumping data at the affected well and other wells located nearest to the affected well, within 24 hours of receiving the claim, and
- 3) stopping pumping at the City well(s) located closest to the impacted well for an 8 hour period (or as available water storage allows), and monitoring the water level response in the affected well to confirm that it is a result of City well pumping (water levels should recover quickly when the City well(s) is turned off).
- 4) evaluating water level and pumping data from other nearby wells to determine if the impact is caused by City wells or other wells in the area.

The City will be granted reasonable access by permission of the well owner to the affected well to obtain this information and will be allowed to install a continuous water level monitoring device and flow meter if necessary. If permission is not granted, or information required by the Cities is not provided by a qualified, certified person acceptable to the City, then the City is not obligated to respond to the complaint.

Contingency Plan

The contingency plan identifies the agreed upon steps that will be taken if it is determined, on the basis of the data, that pumping at a City-owned well(s) will likely cause harm to a senior water user. Steps that the City would follow are presented in the order that they would be taken:

- 1) Reduce pumping duration or rate at the well(s) located closest to the impacted well. Pump other City wells farthest away or consider pumping when the affected well is not operating (e.g., at night).
- 2) Discontinue pumping at the well(s) located closest to the impacted well.
- 3) Reduce pumping from all wells.
- 4) Discontinue pumping at all wells.

The period of non or restricted use will continue until the impact is mitigated (the well can sustain pumping at its permitted rate) or until the water levels measured annually in March rise above the water level which triggered the action. The WRD may determine, based on the City's and WRD's data and analysis, and after consultation with the Advisory Board that no action is necessary because the aquifer can sustain the observed declines without adversely impacting the resource or senior water users.

Time may be of the essence in responding to the potential impact and so the City intends to respond to a concern brought to the City's attention immediately by reviewing the data to confirm that the impact is a result of City pumping, and then implementing the contingency plan until the impact is mitigated. The data collection and evaluation program has been setup so that downward trends in water levels can be identified early in order to avoid an emergency situation and to allow sufficient time to respond.

The contingency plan seeks to avoid and resolve water supply problems at the local level between rural residents and the cities. If the available data do not clearly show that the City has caused the alleged impact, the City is not obligated to implement the contingency plan and the matter may be referred to the Advisory Board. If the Advisory Board is unable to come to consensus about the City's alleged impact, the matter will be referred to mediation first, and then, if necessary, to the Water Resources Department.

STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

CITY OF LAFAYETTE
486 THIRD STREET
LAFAYETTE, OREGON 97127

(503)864-2451

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

APPLICATION FILE NUMBER: G-14386

SOURCE OF WATER: 5 WELLS IN WEST FORK PALMER CREEK BASIN

PURPOSE OR USE: MUNICIPAL USE

MAXIMUM RATE: in combination with the appropriation of water under any permit, transfer, or certificate issued for application G-14385, appropriation of water under this permit shall not exceed 3.34 CUBIC FEET PER SECOND (1500 gallons per minute) and shall not exceed 300 gallons per minute per well.

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: SEPTEMBER 27, 1996

POINT OF DIVERSION LOCATION: NE 1/4 NW 1/4, SE 1/4 NW 1/4, SE 1/4 SW 1/4, SECTION 25, NW 1/4 NE 1/4, NW 1/4 NW 1/4, SECTION 36, T4S, R4W, W.M.; WELL 1 - 1170 FEET SOUTH AND 3250 FEET EAST; WELL 2 - 1000 FEET SOUTH AND 960 FEET EAST; WELL 3 - 910 FEET NORTH AND 1350 FEET EAST; WELL 4 - 2890 FEET NORTH AND 1550 FEET EAST; WELL 5 - 4630 FEET NORTH AND 2350 FEET EAST, ALL FROM SW CORNER SECTION 25

THE PLACE OF USE IS LOCATED AS FOLLOWS:

WITHIN THE SERVICE BOUNDARIES OF THE CITY

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, at each well, the permittee shall install a meter or other suitable measuring device as approved by the Director. The permittee shall maintain the meter or measuring devices in good working order, shall keep a complete record of the amount of water used each month and shall submit a 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.
- B. The permittee shall allow the watermaster access to the meter or measuring devices; provided however, where the meters or measuring devices is located within a private structure, the watermaster shall request access upon reasonable notice.

If substantial interference with 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.

To monitor the effect of water use from the well(s) authorized under this permit, the Department requires the water user to make and report annual static water level measurements. 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 first annual measurement will establish the reference level against which future annual measurements will be compared.

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 and be submitted to the Department on forms provided by the Department. The Department requires the individual performing the measurement to:

- (A) Identify each well with its associated measurement; and
- (B) Measure and report water levels to the nearest tenth of a foot as depth-to-water below ground surface; and

- (C) Specify the method used to obtain each well measurement; and
- (D) Certify the accuracy of all measurements and calculations submitted to the Department.

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

- (A) An average water level decline of three or more feet per year for five consecutive years; or
- (B) A water level decline of 15 or more feet in fewer than five consecutive years; or
- (C) A water level decline of 25 or more feet.

The water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s) if irrigation season (March - October) water level measurements reveal hydraulic interference leading to a decline of 25 or more feet in any neighboring well with senior priority.

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

In addition to the monitoring requirements above, in order to monitor the effect of water use from the wells authorized under this permit, the permittee has submitted, and the Department has approved, a plan entitled "Groundwater Monitoring Plan, Cities of Dayton and Lafayette" dated April 26, 2000. Implementation of the permittee's monitoring plan is a condition of this permit. By reference, permittee's monitoring plan is incorporated into this permit and shall at all times be kept on file in application file G-14386 at the Department of Water Resources in Salem.

Modifications to the monitoring plan may be submitted by the permittee; however, proposed modifications must be approved, in writing, by the Department. Any request to modify the monitoring plan must include the basis for the proposed modifications and evidence that the permittee has consulted with the Dayton Prairie Groundwater Management Advisory Board

(e.g. Advisory Board meeting minutes). In any event, at a minimum, the permittee's plan shall always include the following:

- a program to periodically measure water levels within the permitted wells in months other than March.
- a program to periodically measure water levels in up to six off-site wells in March and during high water use periods.
- a reference water level for city wells and off-site wells against which any water level declines will be compared.
- a program to ensure qualified parties are conducting the monitoring.
- a program to ensure the monitoring data are available to all interested parties, including the Department, within a few days of collection.

The water use under this permit shall be limited to any deficiency in the available supply, either with respect to quantity or quality, of any prior municipal use right held by the permittee.

If the number, location, or construction of any well deviates from that proposed in the permit application or permit conditions, the conclusions of the Technical Review, Initial Review or Proposed Final Order under which this permit was granted may be revised, conditions may be appropriately revised, or this permit may not be valid.

Within 1 year of permit issuance, the permittee shall submit a water management and conservation plan consistent with OAR Chapter 690, Division 86.

Ground water for use under this permit shall be produced from no shallower than 100 feet below land surface.

No water may be appropriated under the terms of this permit from well #4 and well #5 until the permittee has demonstrated, to the satisfaction of the Department, that the wells develop a confined aquifer. Such a demonstration may be made by providing a log of materials encountered during drilling, head relationships of water bearing zones encountered, on-site test data, or data from other wells in the area. The permittee should consult with the Department prior to placing any permanent casing and sealing material.

In addition to other conditions in this permit, the Director may require the preferential use of certain wells and their times of operation to reduce interference with existing water uses. The permittee shall still obtain the quantity of water needed or permitted, whichever is less.

STANDARD CONDITIONS

The wells 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.

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

Prior to receiving a certificate of water right, the permit holder shall submit the results of a pump test meeting the department's standards, to the Water Resources Department. The Director may require water level or pump test results every ten years thereafter.

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.

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.

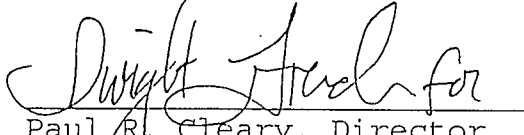
No water use or related construction under this permit may be made until all required local land use approvals are obtained. This prohibition shall continue through completion of an appeal before the Land Use Board of Appeals and any remand back to Yamhill County for further proceedings, but not through completion of an appeal before the Oregon Court of Appeals or review by the Supreme Court.

The use of water shall be limited when it interferes with any prior surface or ground water rights.

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

Actual construction of the well shall begin by September // , 2001. Complete application of water to the use shall be made on or before October 1, 2004. Within one year after complete application of water to the proposed use, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner (CWRE).

Issued September 11 , 2000


Paul R. Cleary, Director
Water Resources Department

Application G-14386 Water Resources Department
Basin 2 Volume 12A PALMER CR
MGMT.CODE 7BG 7BR 7CG 7CR 7FG 7FR

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District 16

