May 6, 2011

Pine View Estates LLC
PO Box 750
Roslyn WA 98941

Re: 2nd Amended Determination of Water Budget Neutrality for Request No. G4-35448

The 1st Amended Determination of Water Budget Neutrality for Request No. G4-35448, issued on April 7, 2011, is AMENDED as follows, to correct the statement of payment ($62.63) due to the Department of Ecology (Ecology) for use of the USBR-Ecology Water Storage and Exchange Contract.

In accordance with Washington Administrative Code (WAC) 173-539A, Ecology has determined your proposed appropriation of groundwater, as mitigated by the trust water right identified in your request, will be water budget neutral with respect to Total Water Supply Available at Parker.

The information in the table below was based on the documents you provided.

<table>
<thead>
<tr>
<th>Use</th>
<th>Proposed Total Annual Quantity (ac-ft/yr*)</th>
<th>Proposed Mitigation (ac-ft/yr*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indoor</td>
<td>0.392</td>
<td>0.118</td>
</tr>
<tr>
<td>Outdoor</td>
<td>0.029</td>
<td>0.026</td>
</tr>
<tr>
<td>Total</td>
<td>0.421</td>
<td>0.143</td>
</tr>
</tbody>
</table>

*ac-ft/yr = acre-feet per year (1 acre-foot = 325,851 gallons)

Consumptive use, totaling 0.143 ac-ft/yr, is proposed to be offset with Trust Water Right No. CS4-00365CTCLsb5. Please refer to the enclosed Advisory Letter for additional information.
Ecology has determined, based on review of your Request for Water Budget Neutral Determination and the accompanying materials, your proposed use of groundwater will be Water Budget Neutral as follows:

- Water use is to be made within Parcel No. 951145, located within E¼SW¼ Section 13, T. 20 N., R. 15 E.W.M.
- In-home water use is 1 connection, resulting in a consumptive use of 0.118 ac-ft/yr.
- The proposed well will be located within Parcel No. 951145, south of the east-west trending ridge crossing the northern portion of said parcel, within the NE¼SW¼ of Section 13, T. 20 N., R. 15 E.W.M. The well shall not be completed within the Teanaway River watershed.
- Outdoor irrigation use is 0.011 acres, resulting in a consumptive use of 0.026 ac-ft/yr.
- Water use shall be recorded and reported as required under WAC 173-539A-070 and as described in the Advisory Letter enclosure.
- You will record with the Kittitas County Auditor a property covenant as required under WAC 173-539A-050 that restricts or prohibits trees or shrubs over a septic drain field on Parcel No. 951145.
- You will record with the Kittitas County Auditor an appropriate conveyance instrument under which the applicant obtains an interest in Trust Water Right No. CS4-00365CTCLsb5 to offset consumptive use as described in this letter.
- You will pay to Ecology the sum of $62.63 which represents a proportionate amount of the payment due and owing to the United States for storage and deliver of water under Paragraph 15(a) of Water Storage and Exchange Contract No. 09XX101700, between the Bureau of Reclamation and the State of Washington Department of Ecology, Yakima Project, Washington, dated January 29, 2009. The consumptive use of 0.073 acre-feet from September 1 through March 31 is subject to the terms and conditions in the Water Storage and Exchange Contract No. 09XX101700.
- Any valid priority calls against Trust Water Right No. CS4-00365CTCLsb5 based on local limitations in water availability, will result in temporary curtailment of the use of water until the priority call for water ends.

YOUR RIGHT TO APPEAL

You have a right to appeal this decision to the Pollution Control Hearing Board (PCHB) within 30 days of the date of receipt of this decision. The appeal process is governed by Chapter 43.21B RCW and Chapter 371-08 WAC. “Date of receipt” is defined in RCW 43.21B.001(2).

To appeal you must do the following within 30 days of the date of receipt of this decision:
- File your appeal and a copy of this decision with the PCHB (see addresses below). Filing means actual receipt by the PCHB during regular business hours.
- Serve a copy of your appeal and this decision on Ecology in paper form - by mail or in person. (See addresses below.) E-mail is not accepted.

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The website is located: http://www.ecy.wa.gov/programs/wr/cro/images/pdfs/exchangecontract_012909.pdf
You must also comply with other applicable requirements in chapter 43.21B RCW and chapter 371-08 WAC.

<table>
<thead>
<tr>
<th>STREET ADDRESSES</th>
<th>MAILING ADDRESSES</th>
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</thead>
<tbody>
<tr>
<td><strong>DEPARTMENT OF ECOLOGY</strong></td>
<td><strong>DEPARTMENT OF ECOLOGY</strong></td>
</tr>
<tr>
<td>Attn: Appeals Processing Desk</td>
<td>Attn: Appeals Processing Desk</td>
</tr>
<tr>
<td>300 Desmond Drive SE</td>
<td>PO Box 47608</td>
</tr>
<tr>
<td>Lacey WA 98503</td>
<td>Olympia WA 98504-7608</td>
</tr>
<tr>
<td><strong>POLLUTION CONTROL HEARINGS BOARD</strong></td>
<td><strong>POLLUTION CONTROL HEARINGS BOARD</strong></td>
</tr>
<tr>
<td>1111 Israel Road SW, Ste 301</td>
<td>PO Box 40903</td>
</tr>
<tr>
<td>Tumwater WA 98501</td>
<td>Olympia WA 98504-0903</td>
</tr>
</tbody>
</table>

For additional information visit the Environmental Hearings Office Website: http://www.eho.wa.gov
To find laws and agency rules visit the Washington State Legislature Website: http://www.leg.wa.gov/CodeReviser

If you have any questions, please contact Teresa Mitchell at (509) 575-2597.

Sincerely,

[Signature]

Melissa Downes, LHG
Acting Section Manage:
Water Resource Program

MCS:KW:gg/110507

Enclosures: Your Right To Be Heard
Advisory Letter (white sheet)
Methane Advisory Letter (blue sheet)
Water Measuring Requirements and Form 1

By Certified Mail: 7307 2560 0001 9535 5278

cc: James Rivard, Kittitas County Health Department (Email/pdf)
Philip Rigdon, Director, Natural Resources Division, Yakama Nation
Joseph Rehberger, Cascadia Law Group (Email/pdf)
Tom McDonald, Cascadia Law Group (Email/pdf)
David Blanchard, Sapphire Skies (Email/pdf)
Koray Ozcubukcu