May 10, 2012

Scatter Creek Properties Inc.
PO Box 923
Cle Elum WA 98922

Re: **FINAL** Determination of Water Budget Neutrality for Request No. G4-35533

Dear Scatter Creek Properties Inc.:

Thank you for submitting a Request for Determination of Water Budget Neutrality, which was received by the Department of Ecology (Ecology) office on November 15, 2011.

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>
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</thead>
<tbody>
<tr>
<td>Indoor</td>
<td>0.392</td>
<td>0.118</td>
</tr>
<tr>
<td>Outdoor</td>
<td>0.021</td>
<td>0.019</td>
</tr>
<tr>
<td>Total</td>
<td>0.413</td>
<td>0.136</td>
</tr>
</tbody>
</table>

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

Consumptive use, totaling 0.136 ac-ft/yr, is proposed to be offset with Trust Water Right No. S4-05259CTCL@2sb7. The total consumptive use does not exceed the amount of water available under the subject trust water right during the irrigation season nor does it exceed the availability of unused Bureau of Reclamation storage capacity to retain the subject portion of the trust water right for later release during the non-irrigation season. 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:

1. Water use is to be made within Parcel No. 15486 located within the SW¼ of Section 34, T. 21 N., R. 14 E.W.M.
2. In-home water use is 1 connection, resulting in a consumptive use of 0.118 ac-ft/yr.
3. Outdoor irrigation use is 0.011 acres, resulting in a consumptive use of 0.019 ac-ft/yr.
4. The proposed well(s) will be located in Parcel No. 15496, located within the NE¼SW¼ of Section 34, T. 21 N., R. 14 E.W.M.
5. Water use shall be recorded and reported as required under WAC 173-539A-070 and as described in the Advisory Letter enclosure.
6. 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. 15496.
7. You will record with the Kittitas County Auditor an appropriate conveyance instrument under which the applicant obtains an interest in Trust Water Right No. S4-05259CTCL@2sb7 to offset consumptive use as described in this letter.
8. You will pay to Ecology the sum of $58.61 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 0.072 acre-feet from September 1 through March 31 is subject to the terms and conditions in the Water Storage and Exchange Contract No. 09XX101700.
9. Any valid priority calls against Trust Water Right No. S4-05259CTCL@2sb7 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).

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The website is located:
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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.

You must also comply with other applicable requirements in Chapter 43.21B RCW and Chapter 371-08 WAC.

<table>
<thead>
<tr>
<th>ADDRESS AND LOCATION INFORMATION</th>
</tr>
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<tbody>
<tr>
<td>Street Addresses</td>
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<tr>
<td><strong>Department of Ecology</strong>&lt;br&gt;Attn: Appeals Processing Desk&lt;br&gt;300 Desmond Drive SE&lt;br&gt;Lacey WA 98503</td>
</tr>
<tr>
<td><strong>Pollution Control Hearings Board</strong>&lt;br&gt;1111 Israel Road SW, Ste 301&lt;br&gt;Tumwater WA 98501</td>
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</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,

Mark Kemner, Section Manager<br>Water Resources Program

MK:CLG/gh/120504

Enclosures: Your Right To Be Heard<br>Advisory Letter (white sheet)<br>Water Measuring Requirement and Form 1

By Certified Mail: 7007 2560 0001 7675 7053

cc: James Rivard, Kittitas County Public Health Department<br>Joe Mentor Jr., Mentor Law Group (email pdf)<br>Suncadia, LLC<br>Philip Rigdon, Director, Natural Resources Division, Yakama Nation