



377 J STREET

CRESCENT CITY, CALIFORNIA 95531-4025

Administration/Finance: 707-464-7483
Utilities: 707-464-6517

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July 8, 2014

Oregon Water Resources Department
Attn: Tom J. Paul, Acting Director
725 Summer Street NE, Suite A
Salem, OR 97301-1271

PUBLIC COMMENT: Limited License for Cleopatra Check Drilling Program (LL-1533)

Dear Mr. Paul:

It has come to the attention of the City Council of the City of Crescent City that Red Flat Nickel Corp. has submitted an application to the OWRD for a limited use water license in conjunction with the "Cleopatra Check Drilling Program" located in Southern Oregon within the Rogue River – Siskiyou National Forest. Red Flat Nickel Corp. proposes to appropriate water from an unnamed tributary to Taylor Creek, which is a tributary to Baldface Creek, which flows into the North Fork Smith River, a National Wild and Scenic River. The project is also within the watershed of two other tributaries to the North Fork Smith River, Diamond Creek and Fall Creek. The North Fork Smith River is one of three forks that feed into and make up the Smith River, which flows through Del Norte County, California to the coast.

The Smith River is the source for Crescent City's municipal water system, which serves approximately 14,000 residents year-round and tens of thousands of visitors throughout the year. The quality of the water extracted by the City from below the bed of the Smith River as well as the quantity of water in the Smith River are of paramount importance to providing safe, reliable drinking water. The appropriation and use of water for drilling exploration from tributaries to the North Fork Smith River raises significant concerns for the City as to the project's impacts on both the quality and quantity of water in the Smith River.

First, the City is troubled that the OWRD is approving an aspect of the project prior to the completion of an environmental assessment. Without such an environmental assessment, the City is concerned that this project has the potential to negatively impact the water quality of the North Fork Smith River, and therefore, the quality of the City's municipal water supply.

Second, the California State Water Resources Control Board has declared the Smith River to be fully appropriated year round. If new water licenses are issued along the tributaries to the Smith River, the flow of Smith River will be impacted.

Third, in addition to providing drinking water to the City's municipal water users, the Smith River offers a multitude of recreational activities including kayaking, rafting, swimming, and fishing. The Smith River and its tributaries are the spawning grounds and habitat for a world-class fishery (salmon, steelhead, cutthroat trout). These recreational and fishing opportunities

are not only enjoyed and valued by local residents, they are also an important feature of the region's tourist industry.

Due to the potential for this project and its associated appropriation of water from the tributaries to the North Fork Smith River to negatively impact the City's municipal water source, the City Council of the City of Crescent City opposes the approval of this limited water license (LL-1533).

If you have any questions you can contact Eugene Palazzo, City Manager at 707-464-7483 ext. 232 or by email at epalazzo@crescentcity.org. Please send all future notices and related project documents to the following address:

City of Crescent City
Attn: City Manager
377 J Street
Crescent City, CA 95531

Sincerely,



Richard Holley, Mayor

- cc: Edmund G. Brown, Governor of California
John Kitzhaber, Governor of Oregon
Dianne Feinstein, U.S. Senator
Barbara Boxer, U.S. Senator
Ron Wyden, U.S. Senator
Jeff Merkley, U.S. Senator
Jared Huffman, U.S. Representative
Jim Nielsen, California State Senator
Wild Rivers Ranger District, U.S. Forest Service