

STATE OF OREGON
COUNTY OF KLAMATH
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

LOWELL N. JONES COMPANY, INC.
P.O. BOX 1866
KLAMATH FALLS, OREGON 97601

confirms the right to use the waters of ONE PRODUCTION WELL AND ONE WELL FOR INJECTION in the KLAMATH RIVER BASIN for INDUSTRIAL USE (HEATING).

This right was perfected under Permit G-11771. The date of priority is NOVEMBER 7, 1991. The amount of water to which this right is entitled is limited to an amount actually beneficially used and shall not exceed 18.7 gallons per minute, or its equivalent in case of rotation, measured at the well.

The wells are located as follows:

PRODUCTION WELL - NW 1/4 NW 1/4, SECTION 33, TOWNSHIP 38 SOUTH, RANGE 9 EAST, W.M.; 788 FEET SOUTH AND 867 FEET EAST FROM THE NW CORNER OF SECTION 33; AND

INJECTION WELL - NW 1/4 NW 1/4, SECTION 33, TOWNSHIP 38 SOUTH, RANGE 9 EAST, W.M.; 927 FEET SOUTH AND 849 FEET EAST FROM THE NW CORNER OF SECTION 33.

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

A description of the place of use to which this right is appurtenant is as follows:

NW 1/4 NW 1/4
SECTION 33
TOWNSHIP 38 SOUTH, RANGE 9 EAST, W.M.

The well shall be maintained 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 wells at all times.

Measurement, recording and reporting conditions:

- A. The water user shall maintain the meter or measuring device in good working order.
- B. The water user shall allow the watermaster access to the meter or measuring device; provided however, where the meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.
- C. The Director may require the water user to keep and maintain a record of the amount (volume) of water used and may require the water user to report water use on a periodic schedule as established by the Director. In addition, the Director may require the water user to report general water use information, the periods of water use and the place and nature of use of water under the right. The Director may provide an opportunity for the water user to submit alternative reporting procedures for review and approval.

The use of water for Industrial use (heating) in excess of 5000 gallons per day shall be subsequent in priority to future beneficial consumptive use unless a two well system is constructed and all water wasted from the system is recharged to the same ground water reservoir from which it was withdrawn.

The Director may require water level or pump test results every ten years.

Failure to comply with any of the provision of this right may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the right.

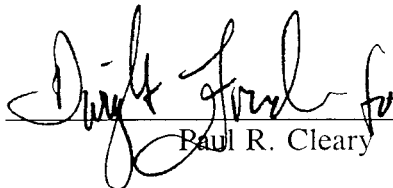
The right to use water for the above purpose is restricted to beneficial use, without waste, on the lands or place of use described. The water user is advised that new regulations may require use of best practical technologies or conservation practices to achieve this end.

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.

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

The Director of the Water Resources Department finds the use of water described by this right, as conditioned, will not impair or be detrimental to the public interest.

WITNESS the signature of the Water Resources Director, affixed MAY 30, 2001.


Paul R. Cleary

Recorded in State Record of Water Right Certificates numbered 76937.