

STATE OF OREGON
COUNTY OF KLAMATH
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

RLF RUNNING Y RANCH LLC
619 N CASCADE AVE SUITE 200
COLORADO SPRINGS CO 80903

CALEDONIA PROPERTIES LLC
1691 CROSS ROAD
KLAMATH FALLS, OR 97601

confirms the right to use the waters of the RUNNING Y SOUTH WELL (KLAM 54337) in the Upper Klamath Lake Basin for SUPPLEMENTAL IRRIGATION of 4054.7 ACRES.

This right was perfected under Permit G-15785. The date of priority is JANUARY 23, 2004. The amount of water to which this right is entitled is limited to an amount actually used beneficially, and shall not exceed 7.80 CUBIC FEET PER SECOND or its equivalent in case of rotation, measured at the well.

The period of use is May 1 through October 1

The well is located as follows:

Twp	Rng	Mer	Sec	Q-Q	Measured Distances
38 S	8 E	WM	27	SW SE	RUNNING Y SOUTH WELL (KLAM 54337) - 800 FEET NORTH & 920 FEET EAST FROM SOUTH 1/4 CORNER, SECTION 27

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-EIGHTIETH of one cubic foot per second, or its equivalent for each acre irrigated, and shall be further limited to a diversion of not to exceed 3 acre-feet per acre for each acre irrigated during the irrigation season of each year.

This right is limited to any deficiency in the available supply of any prior right existing for the same land.

NOTICE OF RIGHT TO PETITION FOR RECONSIDERATION OR JUDICIAL REVIEW

This is an order in other than a contested case. This order is subject to judicial review under ORS 183.484 and ORS 536.075. Any petition for judicial review must be filed within the 60-day time period specified by ORS 183.484(2). Pursuant to ORS 183.484, ORS 536.075 and OAR 137-004-0080, you may petition for judicial review and petition the Director for reconsideration of this order. A petition for reconsideration may be granted or denied by the Director, and if no action is taken within 60 days following the date the petition was filed, the petition shall be deemed denied. In addition, under ORS 537.260 any person with an application, permit or water right certificate subsequent in priority may jointly or severally contest the issuance of the certificate within three months after issuance of the certificate.

A description of the place of use is as follows:

Twp	Rng	Mer	Sec	Q-Q	GLot	Acres
38 S	8 E	WM	7	SW NW		1.4
38 S	8 E	WM	7	SE NW	5	9.9
38 S	8 E	WM	7	SE NW	10	10.5
38 S	8 E	WM	7	NE SW	6	8.4
38 S	8 E	WM	7	NE SW	9	31.6
38 S	8 E	WM	7	NW SW	9	0.5
38 S	8 E	WM	7	NW SW	6	14
38 S	8 E	WM	7	SW SW	8	0.5
38 S	8 E	WM	7	SE SW	8	32.4
38 S	8 E	WM	7	NE SE	3	1.5
38 S	8 E	WM	7	NE SE		
38 S	8 E	WM	7	NW SE	14	55.8
38 S	8 E	WM	7	SW SE		40
38 S	8 E	WM	7	SE SE		39.1
38 S	8 E	WM	8	NW SW	3	1.4
38 S	8 E	WM	8	NW SW		
38 S	8 E	WM	8	SW SW	10	50
38 S	8 E	WM	8	SE SW	4	1.6
38 S	8 E	WM	8	SE SW	9	34.8
38 S	8 E	WM	8	SW SE	8	29.6
38 S	8 E	WM	8	SW SE	5	2.3
38 S	8 E	WM	8	SE SE	6	1.5
38 S	8 E	WM	8	SE SE	7	26
38 S	8 E	WM	9	SW SW	7	25.4
38 S	8 E	WM	9	SE SW	6	9.3
38 S	8 E	WM	15	NE SW	3	2.5
38 S	8 E	WM	15	SW SW	9	12
38 S	8 E	WM	15	SE SW	10	44.4
38 S	8 E	WM	15	SW SE	11	14.9
38 S	8 E	WM	16	NW NE	6	10.2
38 S	8 E	WM	16	SW NE	5	30.1
38 S	8 E	WM	16	NE NW	6	38.9
38 S	8 E	WM	16	NW NW		40
38 S	8 E	WM	16	SW NW		40
38 S	8 E	WM	16	SE NW		40
38 S	8 E	WM	16	NE SW		40
38 S	8 E	WM	16	NW SW		40
38 S	8 E	WM	16	SW SW		40
38 S	8 E	WM	16	SE SW		40
38 S	8 E	WM	16	NE SE	4	13.5
38 S	8 E	WM	16	NW SE		39

Twp	Rng	Mer	Sec	Q-Q	GLot	Acres
38 S	8 E	WM	16	SW SE		39
38 S	8 E	WM	16	SE SE		38.5
38 S	8 E	WM	17	NE NE		40
38 S	8 E	WM	17	NW NE		40
38 S	8 E	WM	17	SW NE		40
38 S	8 E	WM	17	SE NE		40
38 S	8 E	WM	17	NE NW		40
38 S	8 E	WM	17	NW NW		40
38 S	8 E	WM	17	SW NW		40
38 S	8 E	WM	17	SE NW		40
38 S	8 E	WM	17	NE SW		40
38 S	8 E	WM	17	NW SW		40
38 S	8 E	WM	17	SW SW	2	34.3
38 S	8 E	WM	17	SE SW		39
38 S	8 E	WM	17	NE SE		40
38 S	8 E	WM	17	NW SE		40
38 S	8 E	WM	17	SW SE		40
38 S	8 E	WM	17	SE SE		40
38 S	8 E	WM	18	NE NE		40
38 S	8 E	WM	18	NW NE		39.4
38 S	8 E	WM	18	SW NE	7	26.1
38 S	8 E	WM	18	SE NE		40
38 S	8 E	WM	18	NE NW	8	5.2
38 S	8 E	WM	18	NE SE		38.2
38 S	8 E	WM	18	NW SE	6	7.5
38 S	8 E	WM	18	SE SE	5	9.7
38 S	8 E	WM	20	NE NE		37.5
38 S	8 E	WM	20	NW NE		37.5
38 S	8 E	WM	20	SW NE		40
38 S	8 E	WM	20	SE NE		40
38 S	8 E	WM	20	NE NW		37.9
38 S	8 E	WM	20	NW NW	10	9.4
38 S	8 E	WM	20	SE NW	9	30.2
38 S	8 E	WM	20	NE SW	8	14.4
38 S	8 E	WM	20	NE SE		38
38 S	8 E	WM	20	NW SE		37.6
38 S	8 E	WM	20	SW SE	6	10.2
38 S	8 E	WM	20	SE SE	6	36.2
38 S	8 E	WM	21	NE NE		37
38 S	8 E	WM	21	NW NE		37
38 S	8 E	WM	21	SW NE		39
38 S	8 E	WM	21	SE NE		39
38 S	8 E	WM	21	NE NW		37.5

Twp	Rng	Mer	Sec	Q-Q	GLot	Acres
38 S	8 E	WM	21	NW NW		37.5
38 S	8 E	WM	21	SW NW		40
38 S	8 E	WM	21	SE NW		40
38 S	8 E	WM	21	NE SW		37.5
38 S	8 E	WM	21	NW SW		37.5
38 S	8 E	WM	21	SW SW		40
38 S	8 E	WM	21	SE SW		40
38 S	8 E	WM	21	NE SE		37.5
38 S	8 E	WM	21	NW SE		37
38 S	8 E	WM	21	SW SE		40
38 S	8 E	WM	21	SE SE		40
38 S	8 E	WM	22	NE NE	8	4.1
38 S	8 E	WM	22	NW NE	8	31.8
38 S	8 E	WM	22	SW NE		37.6
38 S	8 E	WM	22	SE NE	7	12.2
38 S	8 E	WM	22	NE NW		32.3
38 S	8 E	WM	22	NW NW		18
38 S	8 E	WM	22	SW NW		32.9
38 S	8 E	WM	22	SE NW		35
38 S	8 E	WM	22	NE SW		37.2
38 S	8 E	WM	22	NW SW		37.4
38 S	8 E	WM	22	SW SW		40
38 S	8 E	WM	22	SE SW		40
38 S	8 E	WM	22	NE SE	6	0.9
38 S	8 E	WM	22	NW SE	6	23.6
38 S	8 E	WM	22	SW SE	5	18.5
38 S	8 E	WM	27	NE NE	1	1.6
38 S	8 E	WM	27	NW NE	1	2.6
38 S	8 E	WM	27	NW NE	11	29.8
38 S	8 E	WM	27	SW NE	10	29
38 S	8 E	WM	27	SW NE	2	9.4
38 S	8 E	WM	27	SE NE	2	3.6
38 S	8 E	WM	27	NE NW		40
38 S	8 E	WM	27	NW NW		40
38 S	8 E	WM	27	SW NW		40
38 S	8 E	WM	27	SE NW		39
38 S	8 E	WM	27	NE SW		38.4
38 S	8 E	WM	27	NW SW		37.2
38 S	8 E	WM	27	SW SW	6	6.2
38 S	8 E	WM	27	SW SW	6	1.6
38 S	8 E	WM	27	SW SW	7	31.5
38 S	8 E	WM	27	SE SW	8	14
38 S	8 E	WM	27	SE SW	5	24.3

Twp	Rng	Mer	Sec	Q-Q	GLot	Acres
38 S	8 E	WM	27	SE SW	5	1.2
38 S	8 E	WM	27	NE SE		2.5
38 S	8 E	WM	27	NW SE	3	15.5
38 S	8 E	WM	27	NW SE	9	19.6
38 S	8 E	WM	27	SW SE	4	14.9
38 S	8 E	WM	27	SW SE		9.4
38 S	8 E	WM	28	NE NE		40
38 S	8 E	WM	28	NW NE		40
38 S	8 E	WM	28	SW NE		36.6
38 S	8 E	WM	28	SE NE		40
38 S	8 E	WM	28	NE NW		40
38 S	8 E	WM	28	NW NW	8	31.6
38 S	8 E	WM	28	SW NW	8	0.4
38 S	8 E	WM	28	SE NW	7	13
38 S	8 E	WM	28	NE SE	5	24.8
38 S	8 E	WM	28	NW SE	6	1.5
38 S	8 E	WM	28	SE SE	5	2.9
38 S	8 E	WM	29	NE NE	8	4.4
38 S	8 E	WM	34	NW NE		19.5
38 S	8 E	WM	34	SW NE		0.9
38 S	8 E	WM	34	NE NW		3.9
38 S	8 E	WM	34	NE NW		37.7
38 S	8 E	WM	34	NW NW		16.1
38 S	8 E	WM	34	NW NW		17.1
38 S	8 E	WM	34	SW NW		3.7
38 S	8 E	WM	34	SE NW		12.5
				Total Acres		4054.7

Measurement, recording and reporting conditions:

- A. The water user shall maintain the meter or other suitable measuring device 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 water user to report general water-use information, including the place and nature of use of water under the right.
- 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.

To monitor the effect of water use from the well authorized under this right, the Director may require 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 measurements may be required in a different month. If the measurement requirement is stopped, the Director may restart it at any time.

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 if annual 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; or
- (D) Hydraulic interference leading to a decline of 25 or more feet in any neighboring well with senior priority.

The reference level against which any future measurements will be compared is 32.67 feet below land surface.

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

Use of water under authority of this right may be regulated if analysis of data available after the right is issued discloses that the appropriation will measurably reduce the surface water flows necessary to maintain the free-flowing character of a scenic waterway in quantities necessary for recreation, fish and wildlife in effect as of the priority date of the right or as those quantities may be subsequently reduced.

If substantial interference with a senior water right occurs due to withdrawal of water from any well listed on this right, 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.

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 to determine the water level elevation in the well at all times.

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

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

This right is for the beneficial use of water without waste on the lands or place of use described. 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.

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

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Dwight W. French
Water Right Services Administrator, for
Phillip C. Ward, Director
Water Resources Department