



March 27, 2007

Laura Snedaker
OWRD
725 Summer St NE, Suite A
Salem, OR 97301-1271

Dear Ms. Snedaker,

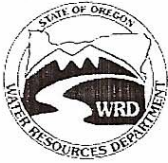
Attached please find an Instream Lease Renewal application for L-572. This lease was previously held in the name of Robert F. Brown. However, Mr. Brown sold his property to a Mr. John von Schlegell in January 2007. The Warranty Deed recording the sale is attached to the lease application.

Mr. von Schlegell would like to keep the instream lease in place with no changes from 2006. As such, I believe it is possible to simply renew the lease with notice of a change in property owner, instead of applying for a new lease. If that is not the case, please let me know and we will file a new lease application post-haste.

Please do not hesitate to contact me at 541-973-5608 if you have any questions.

Thank You,

Shannon Peterson



State of Oregon
Water Resources Department
725 Summer Street NE, Suite "A"
Salem, Oregon 97301-1271
(503) 986-0900

Application for Short-Term Instream Lease Renewal

A summary of review criteria and procedures that are generally applicable to these applications is available at www.wrd.state.or.us/publication/reports/index.shtml.

The undersigned entered into Instream Lease Number L-572 involving Water Right Certificate(s) 10928,10929 on May 1, 2006, which expired on October 1, 2006.

The undersigned Lessor and Lessee, parties to the original lease, hereby request that Lease Number L-572 be renewed. Lessor and Lessee warrant that, to the best of their knowledge, circumstances have not changed and all matters involved with or affected by the instream lease and the subject water right(s) remain as they were when the lease was first entered into, including but not limited to ownership of the lands to which the water right(s) is/are appurtenant, the acres from which the right is leased, and the public instream benefit provided as a result of this instream lease.

The terms and conditions of instream lease L-572 are hereby incorporated by reference in their entirety, with the following exception(s):

- The term of the lease shall commence on May 1, 2007 (not before execution by the parties) and continue through October 1, 2007.

CREP. Are some or all of the lands being leased part of a Conservation Reserve Enhancement Program?

- Yes
 No

Fees. Effective October 1, 2003, pursuant to ORS 536.050 (1)(w) (2003 SB 820), the following fee is included:

- \$50 for examining an application for an instream lease renewal.

Lessor: [Signature] Date: 4-9-2007
Email address: jevs@endeavourcapital.com

Lessor: _____ Date: _____
Email address: _____

Lessee: [Signature] Date: 03/30/07
Email address: Shannon.petersen@KBRT.org

AFTER RECORDING, RETURN TO:

Ronald L. Greenman, Esq.
Tonkon Torp LLP
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204-2099

UNTIL A CHANGE IS REQUESTED,
SEND ALL TAX STATEMENTS TO:

Sevenmile Creek Ranch LLC
4401 SW Greenleaf Drive
Portland, OR 97221

WARRANTY DEED

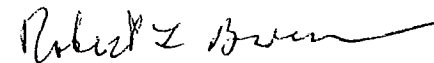
Robert F. Brown, Grantor, conveys and warrants to Sevenmile Creek Ranch LLC, Grantee, that certain real property located in Klamath County, Oregon, and more particularly described on Exhibit A attached hereto, free of all liens and encumbrances excepting only the specified encumbrances set forth on Exhibit B attached hereto.

The true consideration for this conveyance is cash and other property rights and value given which is part of the consideration.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

DATED this 15 day of January, 2007.

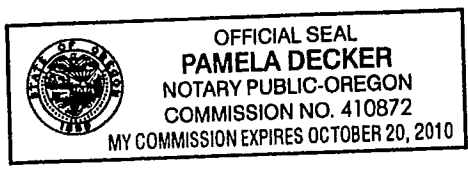
GRANTOR:



Robert F. Brown

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me on the 15 day of
January, 2007.



Pamela Decker
Notary Public for OREGON
My commission expires: 10-20-10

EXHIBIT "A"
LEGAL DESCRIPTION

The SE1/4 of Section 35, Township 33 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

Government Lots 5 and 6, Government Lots 7 and 10, less that portion conveyed to Robert D. Helms, et ux, by Deed recorded in Volume 227, page 92, Deed Records of Klamath County, Oregon, Government Lots 11, 12, 13 and 20 of Section 1; Government Lots 1, 2, 3, 6, 7, 8, 9 and Government Lot 10, Government Lots 16, 17, and 24 of Section 2, all in Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon.

8. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied; in addition thereto a penalty may be levied if notice of disqualification is not timely given.
10. The premises herein described are within and subject to the statutory powers, including the power of assessment and easements of Klamath Lake Grazing Fire Patrol.
11. The premises herein described are within and subject to the statutory powers, including the power of assessment and easements of Klamath Lake Timber Fire Patrol.
12. The premises herein described are within and subject to the statutory powers, including the power of assessment and easements of Meadows Drainage District.
13. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.
14. Agreement for arbitration and payment of damages caused by power company control of water level of Lake, above or below otherwise normal condition, subject to the terms and provisions thereof,
 - Dated: October 26, 1921
 - Recorded: August 14, 1922
 - Volume: 59, page 59, Deed Records of Klamath County, Oregon
 - Between: The California Oregon Power Company, a California corporation and Fort Klamath Meadows Company, a California corporation
15. An easement created by instrument, subject to the terms and provisions thereof,
 - Dated: December 13, 1928
 - Recorded: January 10, 1929
 - Volume: 85, page 123, Deed Records of Klamath County, Oregon
 - Between: The California Oregon Power Company, a California corporation and Fort Klamath Meadows Company, a California corporation
 - For: To maintain water level of Upper Klamath Lake between elevations of 4137 and 4143.3 feet respectively, above sea level and waiver of damages resulting from maintenance levels within such limits
16. An easement created by instrument, subject to the terms and provisions thereof,
 - Dated: December 13, 1928
 - Recorded: January 10, 1929
 - Volume: 85, page 125, Deed Records of Klamath County, Oregon
 - Between: The California Oregon Power Company, a California corporation and Fort Klamath Meadows Company, a public corporation
 - For: To maintain water level of Upper Klamath Lake between elevations of 4137 and 4143.3 feet respectively, above sea level and waiver of damages resulting from maintenance levels within such limits

17. Reservation of surplus waste water and right to use and enlarge canals subject to the terms and provisions thereof, contained in Deed from Fort Klamath Meadows Company, a California corporation, to R. S. Dixon, et al,
Dated: December 31, 1943
Recorded: April 25, 1944
Volume: 164, page 281, Deed Records of Klamath County, Oregon

And Amended in,

Volume: 172, page 97, Deed Records of Klamath County, Oregon

18. An easement and waiver granted to United States of America or its assigns for controlling Lake level and water table by instrument, subject to the terms and provisions thereof,
Dated: January 10, 1947
Recorded: January 10, 1947
Volume: 201, page 39, Deed Records of Klamath County, Oregon
(Affects Lots 12 and 13, Section 10 and Lots 9 and 16, Section 2, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon)

19. Right of Way Easement, subject to the terms and provisions thereof;
Dated: December 6, 1954
Recorded: February 2, 1955
Volume: 272, page 107, Deed Records of Klamath County, Oregon
In Favor of: The California Oregon Power Company, a California corporation

20. Reservations as set forth in Deed from R. S. Dixon, et ux, to Puckett and Scherer, a co-partnership, dated October 17, 1955, recorded May 15, 1957, in Deed Volume 291, page 600, Deed Records of Klamath County, Oregon, to wit:

"Saving and excepting unto the grantors, their heirs and assigns, an undivided 1/2 interest in and to all oil, gas and other minerals lying on or under the above described property, and also the perpetual right, privilege and easement to and upon said lands for the purposes of exploring, extracting, taking and carrying away said oil, gas and other minerals, and also the right to possession and use of so much of said premises at all times, as may be necessary to the practical carrying out of the purpose and privileges of this reservation."

21. Right of Way Deed - Partnership, subject to the terms and provisions thereof;
Volume: 326, page 129, Deed Records of Klamath County, Oregon
In favor of: The United States of America
For: Road purposes

22. An easement created by instrument, subject to the terms and provisions thereof,
Recorded: April 9, 1965
Volume: 360, page 541, Deed Records of Klamath County, Oregon
In Favor of: Klamath County, Oregon
For: Right of Way 155 feet in width over the E1/2 of Section 35
23. An easement created by instrument, subject to the terms and provisions thereof,
Recorded: April 19, 1965
Volume: 360, page 656, Deed Records of Klamath County, Oregon
In Favor of: Klamath County, Oregon
For: Right of Way 155 feet in width over the E1/2 of Section 35
24. An easement created by instrument, subject to the terms and provisions thereof,
Recorded: July 14, 1965
Volume: 363, page 178, Deed Records of Klamath County, Oregon
In Favor of: Klamath County, Oregon
For: Right of Way over Section 35 and 36
25. An easement created by instrument, subject to the terms and provisions thereof,
Dated: June 1, 1982
Recorded: July 6, 1982
Volume: M82, page 8443, Microfilm Records of Klamath County, Oregon
In favor of: Telephone Utilities of Eastern Oregon, Inc.
For: Underground telephone facilities
28. Grant of Right to Take Rock, subject to the terms and provisions thereof;
Recorded: July 9, 1998
Volume: M98, page 24359, Microfilm Records of Klamath County, Oregon
In favor of: Terry Marie Bengard
29. State of Oregon Well Information Form, subject to the terms and provisions thereof;
Recorded: September 16, 1998
Volume: M98, page 34049, Microfilm Records of Klamath County, Oregon
30. Order, subject to the terms and provisions thereof;
Case No: 109-98
Recorded: March 2, 1999
Volume: M99, page 7242, Microfilm Records of Klamath County, Oregon
31. Order, subject to the terms and provisions thereof;
Case No: 109-98
Recorded: June 1, 1999
Volume: M99, page 21434, Microfilm Records of Klamath County, Oregon
(Affects Section 2)