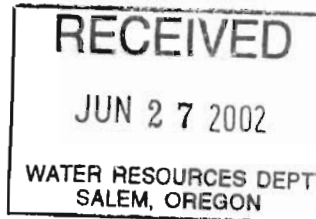


Lease Agreement Number (assigned by WRD): 3136



STATE OF OREGON
WATER RESOURCES DEPARTMENT

Short-Term Water Right Lease Agreement
Pursuant to ORS 537.348(2) and OAR 690-077-0077
for
Leases of Existing Water Rights for Instream Use

This Lease Agreement is between:

Lessor #1: Crystal Partners LLC
(Name): Rich McIntyre, Managing Partner
(Mailing address): 176 Patterson St.
(City, State, Zip Code): Ashland, OR 97520
(Telephone number): 541.201.0388

The water rights to be leased are located in Klamath County.

Lessee (if different than Oregon Water Resources Department):

(Name) Not Applicable
(Mailing address) ___
(City, State, Zip Code) ___
(Telephone number) ___

Trustee:

Oregon Water Resources Department
158 12th Street NE
Salem OR 97301
(503) 378-8455

~I~

- 1.1 Lessor #1 is the owner, or authorized agent for owner of property located at: Township 33 S, Range 06 E, Section 35^{and 36} and Tax Account 3306-00000-00600-0000. If the water right appurtenant to these lands is also appurtenant to lands owned by others, then Attachment 1, (tax lot map of lessor's property) needs to be included. **Included.**
- 1.2 Lessor #2 is the (Check one):
 - Not applicable
 - Official representative of ___, the irrigation district which conveys water to the subject water rights.
 - Another party with an interest in the subject water rights representing ___.

- 1.3 For the lands being leased, list all water rights appurtenant to the lessor's property. Indicate if there are any supplemental or overlying rights.

Certificate Nos. 10928 and 10927. See additional water right form for Certificate Nos. 10927.

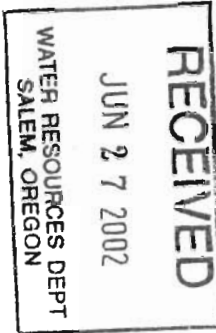
- 1.4 **Subject Water Rights.** Lessor proposes to lease the water rights listed in 1.3. The right(s) to be leased are further described as follows:

Certificate Nos.: 10928

Priority dates: 1888, 1890, 1900 Type of use: Irrigation

Legal Season of Use (if not listed on the certificate): April 1 to October 1

Is the entire water right certificate being leased?: Yes No



If no, list the acres to be leased by legal description of township, range, section, and ¼ ¼ which will be dried up as part of this lease, and include a map (Attachment 2) showing the lands which will not receive water.

Place of use: 1888 Priority date

T 33 S, R 06 E, Section 35, NW¼ NE ¼ - 25 acres to be leased.

T 33 S, R 06 E, Section 35, SW ¼ NE ¼ - 35 acres to be leased.

1890 Priority date

T 33 S, R 06 E, Section 35, SE ¼ NE ¼ - 20 acres to be leased.

1900 Priority date

T 33 S, R 06 E, Section 35, NE ¼ NE ¼ - 40 acres to be leased.

T 33 S, R 06 E, Section 35, SE ¼ NE ¼ - 20 acres to be leased.

Number of acres, if for irrigation: 140

Acre-feet of storage, if applicable: N/A

Rate associated with leased rights (cfs): 1/50th cfs/ac prior to July 20 and 1/80th cfs/ac thereafter until October 1.

Duty associated with leased rights (AF): 615.4 AF prior to July 20 and 256.4 AF thereafter, not to exceed 700 AF in the period April 1 to October 1.

Conditions or other limitations, if any: Total quantity diverted from April 1 to October 1 shall not exceed 5 AF/ac.

- 1.5 **Validity of Rights.** Lessor(s) attests (mark one) that:

- X the water has been used over the past five years according to the terms and conditions of the owner's water right certificate or as an instream water right or
- the water has not been used over the past five years according to the terms and conditions of the owner's water right certificate, however the water right is not

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subject to forfeiture under ORS 540.610(2)(c)(include necessary supporting documentation as Attachment 3).

~II~

2.1 Public Use. This lease will increase streamflows which will benefit:

- X Conservation, maintenance and enhancement of aquatic and fish life, wildlife, and fish and wildlife habitat
- X Pollution abatement
- X Recreation and scenic attraction

2.2 Instream use created by lease. The instream use to be created is described as follows:

(1) Crane Creek Springs tributary to Crane Creek tributary to Fourmile Creek, and (2) Sevenmile Creek, Tributaries to Agency Lake in the Klamath Basin.

Describe the point of diversion and any associated reach(es) of the instream use being created. If possible list the reach by river mile, if no reach is identified, the lease will be processed to be protected at the point of diversion):

Crane Creek Springs, NWNE sec 35, T 33 S, R06 E, to Agency Lake.
Sevenmile Creek weir, NESW sec 25, T 33 S, R 06 E, to Agency Lake.

Total volume in acre-feet:

Crane Creek Springs:

60 ac(0.02 cfs/ac)(111 days)(1.98 AF/cfsday) = 263.7 AF from ~~April~~ ^{May} 1 to July 20

60 ac(0.0125 cfs/ac)(74 days)(1.98 AF/cfsday) = 109.9 AF from July 21 to October 1.

Total: 373.6 AF

Sevenmile Creek:

80 ac(0.02 cfs/ac)(111 days)(1.98 AF/cfsday) = 351.6 AF from ~~April~~ ^{May} 1 to July 20

80 ac(0.0125 cfs/ac)(74 days)(1.98 AF/cfsday) = 146.5 AF from July 21 to October 1.

Total: 498.1 AF

Irrigation season total not to exceed 5 AF/ac = 700 AF per Certificate 10928.

Rate in cfs:

Crane Creek Springs:

60 ac(0.02 cfs/ac) = 1.2 cfs from April 1 to July 20

60 ac(0.0125 cfs/ac) = 0.75 cfs from July 21 to October 1.

Sevenmile Creek:

80 ac(0.02 cfs/ac) = 1.6 cfs from April 1 to July 20

80 ac(0.0125 cfs/ac) = 1.0 cfs from July 21 to October 1.

Allowed period of use: April 1 to October 1

Conditions to prevent injury, if any:

X None

May 1 - per 17r from Deer Creek

May

- The instream flow will be allocated on a daily average basis up to the described rate from ___ through ___.
- Other (describe): ___

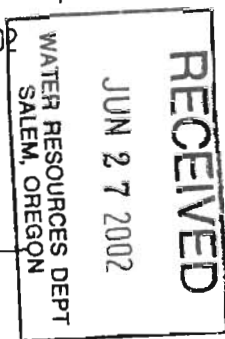
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If you need to enter more instream uses, please use the additional water rights form.

- 2.3 Term of lease.** This lease shall commence on execution and terminate on October 2, 2002.
- 2.4 Compensation.** The Lessor has agreed to lease subject water right for the sum of \$1.00, or other valuable considerations and for the benefit of the state of Oregon.
- 2.5 Flow protection.** The Trustee will regulate use of water from the source, subject to prior appropriation and the agency enforcement guidance, to assure the water is delivered to the point of diversion, and through the reach past junior downstream users, so long as flow is sufficient to meet the demand under priority date of the new instream use (see section 2.2). No party is required to continuously measure the flow of the waterway described in Section 2.2.
- 2.6 Termination provision.**
- For multiyear leases, lessor *shall* have the option of terminating the lease each year, prior to the lease being exercised, with 30 day written notice to the Department.
 - For multiyear leases, lessor *shall not* have the option of terminating the lease each year, prior to the lease being exercised, with written notice to the Department.

~III~

- 3.1 Accuracy.** The Undersigned Lessor/s, Lessee and Trustee declare that, to the best of their knowledge and belief, the information contained in this lease is true, correct and complete. If after the lease is signed, any information is determined to be false, the lease may be modified or terminated. This lease only exercises the water rights being leased; **for the term of the lease; it shall not be construed to overcome any claim that the water right may otherwise be subject to forfeiture for nonuse pursuant to ORS 540.610 during the period of time prior to the execution of the lease.**
- 3.2 Lease.** All Lessors agree to lease the water rights listed in 1.4 for instream use for the term of this Agreement through Lessee to Trustee, the Oregon Water Resources Department, pursuant to the provisions of ORS 537.348(2) and OAR 690-077-0077.
- 3.3 Precedent.** If a right which has been leased is later proposed to be leased again or transferred to an instream use under ORS 537.348 and OAR 690-077- 0070 or OAR 690-077-0075 a new injury review shall be required, and a prior short term lease shall not set a precedent for the amount of water to be leased or transferred instream.
- 3.4 Suspension of original use.** During the period of the lease, the owner agrees to suspend use of water allowed under the subject water rights and under any water right that is supplemental to the subject water rights. In the event that a supplemental water right is not part of this lease, it may be subject to forfeiture.



Lessor #1: [Signature] Date: 6/26/2002

For additional Lessors, type in space for signature and date

Lessee: _____ Date: _____

3.5 Allocation of water to the instream use described in Section 2.2 during the term of this lease is not reasonably expected to cause injury to other rights to use water from the same source. If injury is found after this lease is signed, the lease may be modified or terminated to prevent injury.

So ordered by Trustee: [Signature] Date: September 17, 2002

Effective date is ___ (if later than the date of the Trustee's signature).

Other Attachments As Needed:

- Attachment 1: Tax Lot Map of Lessor's Property (required if landowner is not the sole landowner to lands for which the subject water rights are appurtenant) **Included.**
- Attachment 2: Detailed map illustrating lands under Certificate No. 10928 to be leased (required if only part of a right is being leased instream). **Included.**
- Attachment 3: Detailed map illustrating lands under Certificate No. 10927 to be leased (required if only part of a right is being leased instream). **Not required, but included.**

suspend use of water allowed under the subject water rights and under any water right that is supplemental to the subject water rights. In the event that a supplemental water right is not part of this lease, it may be subject to forfeiture.

Lessor #1: Trustee for Crystal Partners LLC
Date: JULY 15, 2002

For additional Lessors, type in space for signature and date

Lessee: _____
Date: _____

3.5 Allocation of water to the instream use described in Section 2.2 during the term of this lease is not reasonably expected to cause injury to other rights to use water from the same source. If injury is found after this lease is signed, the lease may be modified or terminated to prevent injury.

So ordered by Trustee: [Signature]
Date: SEPTEMBER 17, 2002

Effective date is (if later than the date of the Trustee's signature).

Other Attachments As Needed:

Attachment 1: Tax Lot Map of Lessor's Property (required if landowner is not the sole landowner to lands for which the subject water rights are appurtenant)

Attachment 2: Detailed map illustrating lands under subject rights to be leased (required if only part of a right is being leased instream).

Attachment 3: Supporting documentation indicating why a right is valid and not subject to forfeiture even though the right has not been exercised for five or more consecutive years (required if the second box in Section 1.5 is checked)

Attachment 4: Split Season Instream Use Form

Additional Information, (Certificate No. 10927)

Section 1.4, (Standard Leasing Form) cont.



Subject Water Rights. Lessor proposes to lease the water rights listed in 1.3. The right(s) to be leased are further described as follows:

Certificate No.: 10927

Priority date: 1900 Type of use: Irrigation

Legal Season of Use (if not listed on the certificate):

Is the entire water right certificate being leased?: X Yes No

If no, list the acres to be leased by legal description of township, range, section, and 1/4 1/4 which will be dried up as part of this lease, and include a map (Attachment 3) showing the lands which will not receive water.

Place of use: T 33 S, R 06 E , Section 36, W1/2 NW1/4 - 80 acres to be leased

Number of acres, if for irrigation: 80

Acre-feet of storage, if applicable: N/A

Rate associated with leased rights (cfs): 1/50th cfs/ac prior to July 20 and 1/80th cfs/ac thereafter until October 1.

Duty associated with leased rights (AF): 351.6 AF prior to July 20 and 146.5 AF thereafter until October 1, not to exceed 400 AF in the period April 1 to October.

Conditions or other limitations, if any: Total quantity diverted from April 1 to October 1 shall not exceed 5 AF/ac. for a total of 400 AF.

Section 2.2, cont.

Instream use created by lease. The instream use to be created is described as follows:

Sevenmile Creek

Tributary to Agency Lake in the Klamath Basin.

Describe the point of diversion and any associated reach(es) of the instream use being created. If possible list the reach by river mile, if no reach is identified, the lease will be processed to be protected at the point of diversion): Sevenmile Creek weir, NESW sec 25, T 33S, R 06E to Agency Lake.

Total volume in acre-feet: 498.1

80 ac(0.02 cfs/ac)(111 days)(1.98 AF/cfsday) = 351.6 AF from April 1 to July 20

80 ac(0.0125 cfs/ac)(74 days)(1.98 AF/cfsday) = 146.5 AF from July 21 to October 1.

Rate in cfs:

80 ac(0.02 cfs/ac) = 1.6 cfs from April 1 to July 20

80 ac(0.0125 cfs/ac) = 1.0 cfs from July 21 to October 1.

Allowed period of use: April 1 to October 1

Conditions to prevent injury, if any:

X None