

WATER EASEMENT
(ROTATION AGREEMENT)

DATED: This 25th day of ^{October}~~June~~, 2005.

FITZGERALD RANCH INCORPORATED, LAIRD LAND COMPANY, LLC, CON
FITZGERALD, and SALLY FITZGERALD, TOM ANDERSON, TAYLOR
WESTSIDE RANCH, INC., an Oregon Corporation, and NORA FLYNN, Petitioners in
Case Nos. 040085CV and 040173CV and Intervenor-Respondents in Case No. 040143,

(Hereinafter "Hart")

AND

ADEL WATER IMPROVEMENT DISTRICT, a Corporate District formed under
Oregon Revised Statutes Chapter 554; LX RANCHES, INC., an Oregon Corporation; S
& F LAND & CATTLE COMPANY, an Oregon Corporation; EDWARD D. STABB
and JOANNE C. STABB, Husband and Wife, dba Crump Ranch; and SCOTT ABBE and
GINA ABBE, Husband and Wife, Petitioners in Case No. 040143 CV and Intervenor-
Respondents in Case Nos. 040085CV and 040173CV

(Hereinafter "Adel")

ORS 540.150 HAS KN CB

This rotation agreement is made pursuant to ORS 540.510 and OAR 690-250-0080.

Hart and Adel agree as follows:

1. This agreement is perpetual.
2. Termination of this agreement may only be made by a writing signed by all parties (or their successors in interest), approved and recorded in the same manner as this document.
3. If distribution of water by this Rotation Agreement requires substantially more of the watermaster's time than distribution among the relative priorities, then the watermaster may require payment by the appropriators for an assistant watermaster.
4. Storage season in Greaser Reservoir and Hart Lake is year round.
5. The Warner Decree limits the rate for irrigation use at page 324, paragraph 20. Regardless of this limitation, and to increase efficiency, the parties agree to rotate their use so that a larger head of water may be used intermittently to the extent that no party may use more than a duty of three acre foot per acre in any irrigation season.
6. Adel will not file for any new storage rights in Greaser Reservoir.

7. Adel shall not divert stored water from Greaser Reservoir for irrigation use prior to April 1st.

8. The following terms of this rotation agreement apply to storage in Greaser Reservoir in any year when on March 1st the waters in Hart Lake are below an elevation of 4473 feet:

8.1 Unless otherwise allowed under Paragraph 8.3 below, on March 1st of every year, the two main headgates at Greaser Reservoir shall be completely opened, and remain completely open until April 1st.

8.2 The opening of the Greaser Reservoir headgates required above shall occur regardless of whether a hydraulic connection then exists between Crump Lake and Hart Lake.

8.3 Hart may notify Adel in writing before March 1st that Adel may delay opening the two main Greaser Reservoir headgates until a later March date. Notwithstanding any such delay, Adel may close the headgates of Greaser Reservoir on April 1st.

9. After April 1st, Adel may store and use waters from any source established by its water rights of record, subject to the following conditions:

9.1 Adel will not convey water directly from Deep Creek to Greaser Reservoir.

9.2 Between April 1st and September 30th, Adel will not store cumulatively more than 10,000 acre feet in Greaser Reservoir.

9.3 Adel will not pump water into Greaser Reservoir from any point north of the location identified as "pump" on Exhibit A attached hereto and by this reference incorporated herein.

10. Before the beginning of any irrigation season, either party may request, in writing, that the other party waive any or all conditions in this rotation agreement for the upcoming season only. Any waiver of condition by either party is at their discretion, and shall not constitute evidence to support a waiver of any or all conditions in any future irrigation season. To enforce the waiver, the writing must be signed by all parties and a copy provided to the watermaster prior to the beginning of the irrigation season.

11. The parties recognize that additional actions will be necessary to properly implement the provisions of this Rotation Agreement. Hart and Adel shall diligently and in good faith pursue those actions. Such actions include, but are not limited to:

11.1 Obtaining approval and recording of this Rotation Agreement with the Oregon Water Resources Department ("OWRD");

11.2 After approval by OWRD, recording this agreement as a Water Easement with the Lake County Recorder; and

11.3 Providing notice and obtaining signatures of all participants as may be required to enforce this Rotation Agreement upon additional water users who hold an interest in the water uses and rights affected herein.

12. As to the parties whose signatures appear below, this Rotation Agreement supersedes all prior negotiations and understandings of any kind with respect to the subject matter hereof and contains the terms and provisions of the Rotation Agreement between the parties with respect to the subject matter hereof.

13. In any dispute under this Rotation Agreement, the prevailing party shall be entitled to their attorney fees and all costs whether in mediation, arbitration, court, or on appeal.

14. This Rotation Agreement is effective as to the parties hereto, their successors, lessees, and assigns.

15. This Rotation Agreement may be executed in two or more counterparts, each of which shall be deemed an original and when taken together shall constitute one binding contract.

Fitzgerald Ranch, Inc.

Date 10-25-05

Jeff McKenzie

Laird Land Company, LLC

Date 10-25-05

W. C. Laird

Date 10/25/05

Con Fitzgerald
Con Fitzgerald

Date 10/27/05

Sally Fitzgerald
Sally Fitzgerald

Date 10-25-05

Tom Anderson Jan
Tom Anderson

Taylor Westside Ranch, Inc.

Date 10-25-05

C. J. Taylor

Date Oct 25-05

Nora L. Flynn
Nora Flynn

Hart Lake Water Users Association

Date 10-25-05

Jeff McKenzie
Jeff McKenzie, President

Adel Water Improvement District:

Adel Water Improvement District

Date 1-20-06

Tom Lane
Tom Lane, Director

Date 1-20-06

Frank Cahill
Frank Cahill, Director

Date 1-20-06

George Shine
George Shine, Director

Date 1-20-06

Bill Cleland
Bill Cleland, Director

Date 1-20-06

John Kiely
John Kiely, Director

Date 1-20-06

Edward D. Stabb
Edward D. Stabb, Director

Date 1-20-06

Steve Gipson
Steve Gipson, Director

LX Ranches, Inc.

Date 1-20-06

Thomas A. Lane

S & F Land & Cattle Company

Date 1/20/06

Samuel R. Lane

Date 1/20/06

Edward D. Stabb

Edward D. Stabb, Individually

Date 1-20-06

Joanne C. Stabb

Joanne C. Stabb

Date 1-20-06

Scott Abbe

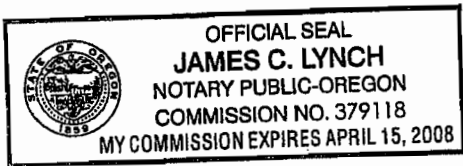
Scott Abbe

Date 1-20-06

Gina Abbe

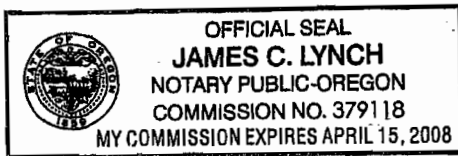
Gina Abbe

SUBSCRIBED AND SWORN to before me this 27th day of October, 2005, Jeff Mckenzie for Fitzgerald Ranches, Inc., W. C. Laird as Managing Member of Laird Land Company, LLC, Con Fitzgerald, ~~Sally Fitzgerald~~, Tom Anderson, C.J. Taylor as President of Taylor Westside Ranch, Nora Flynn and Jeff McKenie as President of Hart Lake Water Users Association.



James C Lynch
Notary Public for Oregon

SUBSCRIBED AND SWORN to before me this 27th day of October, 2005, ~~Jeff McKenzie for
Fitzgerald Ranches, Inc. as Managing Member of Laird Land Company, L.L.C. Con
Fitzgerald, Sally Fitzgerald, Tom Anderson, C.T. Taylor as President of Taylor Westside Ranch,
Mark Ryan and Jeff McKee as President of Hunt Lake Water Users Association~~



James C. Lynch
Notary Public for Oregon