

**EXHIBIT A**

**THIS AGREEMENT**, Made this 4th day of January, 1938, pursuant to an act of Congress known as the Reclamation Act and acts amendatory thereof and an act known as the Warren Act, between the undersigned irrigation districts located in the valley of the Deschutes River and its tributaries in the State of Oregon and duly organized as irrigation districts under the laws of the State of Oregon,  
**WITNESSETH:**

**WHEREAS**, Congress has appropriated \$450,000.00 for the purpose of beginning construction of the Deschutes Project in the State of Oregon; and,

**WHEREAS**, the said funds are available for beginning the construction of a reservoir or reservoirs located on the Deschutes River or its tributaries; and,

**WHEREAS**, surveys and investigations have been made for a proposed reservoir of from 180,000 to 209,000 acre feet located at the site known as the Wikiup site, and also the construction or reconstruction of a proposed reservoir known as the Crane Prairie Reservoir; and,

**WHEREAS**, the undersigned districts are interested in securing stored water, if possible, from one or the other of the proposed reservoirs; and,

**WHEREAS**, the Secretary of Interior approved as to form a proposed contract with the Jefferson Water Conservancy District, providing for the construction of a canal system for the said district, and the construction of a reservoir at the said proposed Wikiup site to a capacity from 180,000 to 209,000 acre feet; and,

**WHEREAS**, a temporary dam has been constructed at the Crane Prairie Reservoir site, and the Central Oregon Irrigation District, Crook County Improvement District No. 1, and the Arnold Irrigation District have used for several years past the stored water made available by the said temporary dam, but have secured no permanent rights to the reservoir site from the United States, and have not as yet cleared the standing timber from the said reservoir site; and,

**WHEREAS**, the temporary dam creating the said Crane Prairie Reservoir is in such condition that the officers of the United States consider the same to be a menace to the proposed Wikiup Reservoir, and are unwilling to proceed with the construction of the Wikiup Reservoir until some satisfactory agreement has been reached among the interested parties, either providing for the reconstruction of the said temporary dam in such manner as to make the same permanent and safe, or the removal or lowering of said dam to a sufficient extent to remove the menace of the said temporary structure; and,

WHEREAS, it is the opinion of the Engineers of the Reclamation Bureau that the storable water available in said stream and its tributaries for storage in the said Wikiup and Crane Prairie Reservoirs is sufficient to provide a reliable storage supply of about 150,000 acre feet in the Wikiup Reservoir, and about 30,000 acre feet in the Crane Prairie Reservoir, and that probably there will be some years when larger amounts might be stored, but that the availability of storable water in excess of the said 210,000 total acre feet is more or less uncertain and unreliable; and,

WHEREAS, the storage capacity to be constructed by the United States might either be in the form of a reservoir at Wikiup site sufficiently large to store the entire amount of such reliable storage, or may be in the form of the construction of two reservoirs, one at the Wikiup site and the other at the Crane Prairie site; and,

WHEREAS, the Commissioner of the Bureau of Reclamation considers it necessary to the success of the proposed project that some agreement should be reached among the districts interested in the construction of said reservoirs, as to how the available storable water shall be divided between the said reservoirs in the event of such reservoir construction by the United States; and,

WHEREAS, the Central Oregon Irrigation District, the Crook County Improvement District No. 1 and the Arnold Irrigation Districts have requested that the United States construct a permanent dam for the Crane Prairie Reservoir, said construction to be performed under the terms and provisions of the Warren Act, said proposed storage at Crane Prairie Reservoir to be provided for the aforesaid Central Oregon Irrigation District, Arnold Irrigation District and Crook County Improvement District No. 1,

NOW THEREFORE, IT IS HEREBY AGREED that the first and superior right to the storable water of the Deschutes River and its tributaries available for storage in the said Wikiup and Crane Prairie Reservoirs 150,000 acre feet of said first right to storable water shall be allotted for storage in the Wikiup Reservoir if and when constructed by the United States and that 30,000 acre feet thereof shall be allocated and allowed for storage in Crane Prairie Reservoir. That any additional storage capacity which may be provided either in Wikiup Reservoir or Crane Prairie Reservoir shall be allocated only for the purpose of storing surplus storage water under a secondary right as and when such surplus is available in excess of a total of 210,000 acre feet of primary storage right, which is recognized as a first and prior right, and that none of the parties interested in said Crane Prairie Reservoir shall have any right to store water therein in excess of 30,000 acre feet until the said Wikiup

has been filled to a capacity of 180,000 acre feet, during the non-irrigation season, and none of the parties interested in the Wikiup Reservoir shall have any right to store water therein in excess of 180,000 acre feet until the said reconstructed Crane Prairie Reservoir has been filled to a capacity of 30,000 acre feet. Should there in any year be any shortage in the amount of storage water necessary to store 180,000 acre feet in the Wikiup and 30,000 acre feet in the said reconstructed Crane Prairie, then such shortage shall be prorated between the two Reservoirs in the same proportion that 30,000 acre feet is to 180,000 acre feet and in such event, the parties interested in the reconstructed Crane Prairie Reservoir shall have the right to store in that Reservoir one-seventh ( $1/7$ ) of the storable water available in such year of shortage and the parties interested in Wikiup Reservoir shall have the right to store in the Wikiup Reservoir six-sevenths ( $6/7$ ) of the storable water actually available for storage in such year of shortage but the parties interested in said Reservoirs shall have a secondary right to store in any surplus capacity provided in either or both of said Reservoirs and any surplus water storable shall be available in any year for storage purposes as hereinafter allocated.

It is further agreed between the subscribing irrigation districts that the right to the use of the storable water available from the reconstructed Crane Prairie Reservoir shall be divided among the three districts interested in that Reservoir as follows:

That the first 10,500 acre feet of stored water available from such reconstructed Reservoir shall be available for the use of the Crook County Improvement District No. 1; that the next 10,500 acre feet available therefrom shall be for the use of the Arnold Irrigation District; that the balance of the 30,000 acre feet of prior right shall be available for the use of the Central Oregon Irrigation District. In the event that capacity is provided in the reconstructed Crane Prairie Reservoir in excess of 30,000 acre feet primary right, then any surplus stored water which becomes available from water stored during the non-irrigation season shall be divided as follows:

The first 15,000 acre feet of such surplus stored water from water stored during the non-irrigation season or so much thereof as may be stored and available in the Crane Prairie Reservoir shall be divided four-fifths ( $4/5$ ) of such surplus stored water to the Central Oregon Irrigation District; and one-fifth ( $1/5$ ) to the Arnold Irrigation District; that the remainder of any surplus water available shall be allocated and

allowed for storage in the Wikiup Reservoir to the extent needed to fill such Wikiup Reservoir to its capacity.

It is understood that the Central Oregon Irrigation District contemplates the purchase and transfer of the following amounts of old vested irrigation consuming rights to water:

The Clatsop Falls right and the Edin Falls right for not to exceed in the aggregate, 5,000 acre feet during any irrigation season; and it is agreed that upon the purchase of said right by the Central Oregon Irrigation District and the application of said District for the transfer thereof, the other subscribing districts shall not object to such transfer and if the same is approved by the State Engineer the water supply available from such purchased rights may be stored in any surplus Reservoir capacity available in the Crane Prairie Reservoir provided, however, that such transferred rights shall be stored only in the irrigation season and if stored shall belong to and be for the sole use of the Central Oregon Irrigation District.

It is further agreed that such transferred irrigation rights, if stored, shall not impair the rights to store and to storage water of the Crook County Improvement District No. 1 and/or the Arnold Irrigation District. In no event shall the Central Oregon Irrigation District be permitted to fill its share of storage capacity more than once during any irrigation season.

It is understood and agreed by and between the subscribing irrigation districts that it is desired that the United States Government construct Crane Prairie Reservoir to a capacity of 50,000 acre feet of storage of which Crook County Improvement District No. 1 shall have first right to sufficient water when added to water secured from direct flow to furnish the full amount of water to which said District is entitled but in no event to exceed 17,500 acre feet in the Reservoir. That the second right to storage capacity in said Reservoir shall be used and available for Arnold Irrigation District to the extent of 10,500 acre feet and in addition any portion of the first 17,500 acre feet of storage not actually required in any season by the Crook County Improvement District No. 1.

That the third right to storage capacity in said Reservoir to the extent of 9,000 acre feet shall be available and used for the benefit of the Central Oregon Irrigation District; that the next right to storage capacity in said Reservoir to the extent of 5,000 acre feet shall be allocated and allowed to the Central Oregon Irrigation District for transferred irrigation rights. That the balance of said Reservoir, amounting to 15,000 acre feet shall be divided between the Arnold Irrigation District and the

Central Oregon Irrigation District, one-fifth to Arnold and four-fifths to Central Oregon Irrigation District.

It is agreed by all the subscribing districts which are to share in the primary storage right in the Wildup Reservoir and the reconstructed Crane Prairie Reservoir that the cost of eliminating the conflicting power rights which would interfere with storage irrigation and the use of water for irrigation by the subscribing irrigation districts shall be divided among the several districts which are entitled to share in the primary storage rights in the same proportion that such Districts are entitled to such primary storage rights.

That Central Oregon Irrigation District further agrees that the Government and the Jefferson Water Conservancy District may divert from the Deschutes River above the North Canal Dam of the Central Oregon Irrigation District, the water to which the Jefferson Water Conservancy District may be entitled without any payment to the Central Oregon Irrigation District, for the use of such diversion dam; and if desired may enlarge the North Canal and Pilot Butte Canal of the Central Oregon Irrigation District for a distance of approximately three miles from diversion point to such extent as may be required to carry the water allocated for the Jefferson Water Conservancy District and may use the additional capacity added to said canals by such enlargement without any payment to the Central Oregon Irrigation District provided that the capacity now available to the said Central Oregon Irrigation District in said canals which is hereby declared to be 750 second feet is in no way impaired or reduced by such enlargement or use by the Jefferson Water Conservancy District and further provided that the Central Oregon Irrigation District shall not be required to pay any part of the cost of enlargement of such canals and further provided that such enlargement shall be made in such a manner as not to increase any seepage loss in said canals.

It is further agreed that after such enlargement of said North Canal and Pilot Butte Canal and after the use of such enlargement by or for the Jefferson Water Conservancy District has begun, then costs of operation and maintenance of such enlarged sections of said North canal and Pilot Butte Canal and the North Canal Dam shall be divided between the three districts using the same, in proportion to the amount of water transported for each of said districts.

It is understood by all the subscribing districts that the Deschutes County Municipal Improvement District desires to apply to the United States for 10,000 acre feet of secondary storage out of any capacity which may be provided by the United States

in the Wiklup Reservoir in excess of 180,000 acre feet and said Districts agree that they will not object to the allocation of such storage capacity to the said Deschutes County Municipal Improvement District.

It is further agreed that the Central Oregon Irrigation District now holds title to certain rights for the use of water in generating power for pumping and creation of electrical energy at Cline Falls, the Central Oregon Irrigation District herewith covenants and agrees that it will not make any claim to said rights for electrical power or for pumping for irrigation during the non-irrigation season and further covenants and agrees that it will never apply for a transfer in the place or character of use of either of said rights for power for pumping or generating electrical energy from the present place and character of use. In the event of the acquisition by the Central Oregon Irrigation District of the power rights and pumping rights at Odin Falls, and the elimination of all power rights at Cline Falls, the Central Oregon Irrigation District agrees to abandon all of said power and pumping rights at Cline Falls and Odin Falls provided the aforesaid Crane Prairie Reservoir is reconstructed in substantial accordance with the provisions of this agreement.

It is further agreed that the Central Oregon Irrigation District will pay 25/50ths; Crook County Improvement District No. 1 100/50ths, and Arnold Irrigation District shall pay 13 1/2/50ths, of the cost of providing Crane Prairie storage, and the Central Oregon Irrigation District further agrees that should either of the other two districts which are to share in the rights of Crane Prairie Reservoir fail to make their agreed payments to the United States, that the Central Oregon Irrigation District shall make such payment to the United States for the said Arnold Irrigation District or Crook County District Improvement No. 1 and shall thereupon be entitled to any and all water stored for the defaulting districts during the period of such default or in case the water be not used by the Central Oregon Irrigation District, said District shall not waive any rights to collect such sums from such defaulting Districts.

It is agreed between the subscribing districts that any existing direct flow right of the Jefferson Water Conservancy District after April 1st or before November 1st of each year shall be prior and superior to all storage rights in Crane Prairie and Wiklup except for transferred consuming rights of Central Oregon Irrigation District in an amount to not exceed 5,000 acre feet.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day year first above written.

CENTRAL CANAL IRRIGATION DISTRICT

By Hans E. Kier  
President

By J. L. Shively  
Secretary

(corporate seal)

JEFFERSON WATER CONSERVANCY DISTRICT

By Howard M. Turner  
President

By Cecil Porter  
Secretary

(corporate seal)

ARJES IRRIGATION DISTRICT

By J. A. Lighthill  
President

By D. B. Stuart  
Secretary

(corporate seal)

BROOK COUNTY IMPROVEMENT DISTRICT NO. 1

By Claude Butler  
President

By Frank J. Corwin  
Secretary