

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION

Willamette Basin Project, Oregon

CONTRACT FOR WATER SERVICE

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3. WHEREAS, the Contractor owns land hereinafter described, for which a water supply is desired to be secured from the United States; and

4. WHEREAS, Richard P. Koenig, entered into Contract No. 3-07-10-W0476, dated April 1, 1983, for a supply of stored water not to exceed a total diversion of 200.2 acre-feet annually; and

5. WHEREAS, Richard P. Koenig, entered into Contract No. 7-07-10-W0658, dated May 12, 1987, for a supply of stored water of a base entitlement of 21.65 acre-feet, not to exceed a total diversion of 54.13 acre-feet annually; and

6. WHEREAS, the Contractor has acquired the lands hereinafter described which have been receiving stored water pursuant to the terms and conditions of Contract No. 3-07-10-W0476, dated April 1, 1983, and Contract No. 7-07-10-W0658, dated May 12, 1987, from Richard P. Koenig; and

7. WHEREAS, the Contractor also desires water service for other land owned and hereinafter described, and has requested that the above-mentioned water service contracts be terminated and that the Contractor's interest in all lands hereinafter described be consolidated into this water service contract;

NOW, THEREFORE, in consideration of the premises and payments by the Contractor to the United States in the manner hereinafter provided, it is agreed:

Termination of Previous Contracts

8. Contract No. 3-07-10-W0476, dated April 1, 1983, and Contract No. 7-07-10-W0658, dated May 12, 1987, are hereby terminated upon execution of this contract.

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water use. This payment will entitle the Contractor to receive not to exceed 282.63 acre-feet of stored water, hereinafter referred to as the base entitlement, for irrigation of the lands described in Article 9 of this contract. The Contracting Officer will consider adjusting the water service payment downward or upward from the base entitlement based on information received from the Contractor, the State of Oregon, or other reliable sources as to the actual amount of stored water delivered to the Contractor during the irrigation season and on other factors in addition to the amount of stored water actually delivered, as deemed appropriate by the Contracting Officer. Any such adjustment will be determined and subtracted or added to the payment for the next year by the Contracting Officer; Provided, that in order for an adjustment to be made, information on the amounts of water and stored water delivered each month must be received by the Contracting Officer by December 1 of that year.

(b) The annual payment set forth in (a) above is based on an initial rate of \$8 per acre-foot of stored water; Provided, that such annual payment shall as a minimum be the greater of either the product of \$2 multiplied by the number of acres described in Article 9 of this contract or \$50. From time to time, but not less often than once every 5 years, the rate per acre-foot of stored water and the minimum payment shall be reviewed by the Contracting Officer and revised, if necessary, by the United States for the irrigation water marketing program of the Willamette Basin Project. Any revision by the Contracting Officer will apply only to future payments and shall be announced by written notice to the Contractor at least 3 months prior to the beginning of the irrigation season to which the new rate would be applicable.

(c) All payments from the Contractor to the United States under this contract shall be made by the medium requested by the United States. The required medium of payment

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Furnishing of Water

13. (a) Upon payment of the annual payment specified in subarticle 10(a) above, the United States will furnish water to the Contractor from the Willamette Basin Project pursuant to this contract. No water shall be furnished if the Contractor is delinquent in payment of the required annual payment.

(b) Water for the purposes hereof shall be made available and measured at the following point(s) of diversion:

840 feet south and 1,840 feet east of the NW corner of Sec. 22, T. 9 S., R. 1 E., W.M.

760 feet south and 2,950 feet east of the NW corner of Sec. 22, T. 9 S., R. 1 E., W.M.

210 feet south and 50 feet west of the SE corner of Sec. 15, T. 9 S., R. 1 E., W.M.

250 feet south and 2,770 feet east of the SW corner of Stout DLC No. 49, Sec. 22, T. 9 S., R. 1 E., W.M.

The Contractor shall receive said water at the point of diversion and shall be wholly responsible for securing said water at that point and diverting, conveying, and utilizing it. The water to be delivered hereunder shall be measured by means of measuring or controlling devices satisfactory to the Contracting Officer. Such devices shall be furnished, installed, and maintained by and at the expense of the Contractor, but they shall be and remain at all times available for reading and monitoring by the United States or an appropriate State-appointed watermaster whose representative may at all times have access to them over any lands of the Contractor. All losses of water from seepage, evaporation, or other cause, below said point of measurement, shall be borne by the Contractor.

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described in Article 9 by such an organization to serve these and other lands presently irrigated or planned for irrigation in future years from the Willamette Basin Project.

(c) In the interest of conservation and protection of environmental resources, from time to time, but not less often than once every 5 years, this contract shall be reviewed by the Contracting Officer. The terms and conditions of this contract may be modified, if deemed necessary by the Contracting Officer, to avoid or minimize impacts to candidate, listed or proposed threatened and endangered species, or other valuable natural resources. Any modification by the Contracting Officer shall be announced by written notice to the Contractor.

Term of Contract

15. (a) This contract shall become effective as of the date first above written and will have a term of not to exceed 10 years; Provided; that this contract will automatically renew for a term of not to exceed 10 years at the end of 10, 20, and 30 years from the date first above written unless sooner terminated in accordance with Articles 14 or 16, or by agreement of the parties hereto, or unilaterally as set forth in (b) below, Provided however; that this contract does not qualify as a long-term contract under the Act of July 2, 1956 (70 Stat. 483) and in no event shall this contract be in effect beyond 40 years through automatic renewals.

(b) Either the Contracting Officer or the Contractor may terminate this contract unilaterally at the end of 10, 20, or 30 years, provided the terminating party has given at least 5 years advance notice in writing to the other party.

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Notices

19. Any notice, demand, or request authorized or required by this contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Program Manager, Lands and Repayment, Pacific Northwest Region, Bureau of Reclamation, 1150 N. Curtis Road, Boise, Idaho 83706-1234, and on behalf of the United States, when mailed, postage prepaid, or delivered to Mark E. and Jolly Y. Krautmann, 4199-75th Ave. SE, Salem, Oregon 97301. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this article for other notices.

General Provisions

20. The general provisions applicable to this contract are listed below. The full text of these general provisions is attached as Exhibit A and is hereby made a part of this contract.

- a. CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS
- b. WATER AND AIR POLLUTION CONTROL
- c. QUALITY OF WATER
- d. EQUAL OPPORTUNITY
- e. COMPLIANCE WITH RECLAMATION LAWS
- f. ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED
- g. OFFICIALS NOT TO BENEFIT
- h. WATER CONSERVATION
- i. HAZARDOUS MATERIALS

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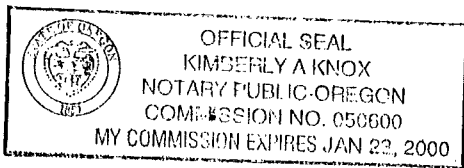
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STATE OF OREGON )  
 : SS  
County of MARION )

On this 20<sup>th</sup> day of MARCH, 1997, before me, a notary public, personally appeared Jolly Krautmann and Mark Krautmann known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged that they are the legal owners of the property for which a water supply is to be provided under the contract and have executed this contract as their free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the day and year first above written.



Kimberly A. Knox  
Notary Public in and for the  
State of OREGON  
Residing at: LYONS, OR  
My commission expires: 1-23-2000

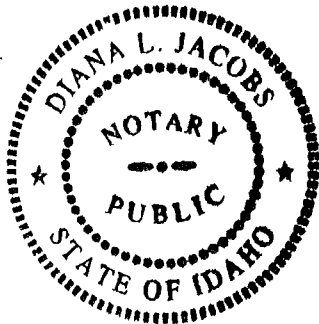
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STATE OF IDAHO )  
 : SS  
County of Ada )

On this 1 day of April, 1997, personally appeared before me, a notary public, Ryan M. Patterson, known to me to be the official of the UNITED STATES OF AMERICA that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said United States, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the day and year first above written.



Diana L. Jacobs

Notary Public in and for the  
State of IDAHO  
Residing at: Boise  
My commission expires: 5-23-2000

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