

Application for a Permit to Use Surface Water



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

SECTION 1: APPLICANT INFORMATION AND SIGNATURE

Applicant Information

NAME BPPERRY PROPERTIES, LLC			PHONE (HM)
PHONE (WK)	CELL (310) 248-3042	FAX	
ADDRESS 3697 BENEDICT CANYON LANE			
CITY SHERMAN OAKS	STATE CA	ZIP 91423	E-MAIL SPERRY@WMEENTERTAINMENT.COM

Organization Information

NAME			PHONE	FAX
ADDRESS			CELL	
CITY	STATE	ZIP	E-MAIL	

Agent Information – The agent is authorized to represent the applicant in all matters relating to this application.

AGENT / BUSINESS NAME NEATHAMER SURVEYING, INC			PHONE (541) 732-2869	FAX (541) 732-1382
ADDRESS 3126 STATE STREET			CELL	
CITY MEDFORD	STATE OR	ZIP 97501	E-MAIL DONC@NEATHAMER.COM	

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MAR 26 2012

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SALEM, OREGON

Note: Attach multiple copies as needed

By my signature below I confirm that I understand:

- I am asking to use water specifically as described in this application.
- Evaluation of this application will be based on information provided in the application.
- I cannot use water legally until the Water Resources Department issues a permit.
- Acceptance of this application does not guarantee a permit will be issued.
- If I begin construction prior to the issuance of a permit, I assume all risks associated with my actions.
- If I get a permit, I must not waste water.
- If development of the water use is not according to the terms of the permit, the permit can be cancelled.
- The water use must be compatible with local comprehensive land-use plans.
- Even if the Department issues a permit, I may have to stop using water to allow senior water-right holders to get water to which they are entitled.

I (we) affirm that the information contained in this application is true and accurate.



[Signature]
Applicant Signature

Sean Perry - owner
Print Name and title if applicable

March 2, 2012
Date

Applicant Signature

Print Name and title if applicable

Date

App. No. <u>S-87789</u>	For Department Use Permit No. _____	Date _____
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SECTION 2: PROPERTY OWNERSHIP

Please indicate if you own all the lands associated with the project from which the water is to be diverted, conveyed, and used.

Yes

- There are no encumbrances.
- This land is encumbered by easements, rights of way, roads or other encumbrances.

No

- I have a recorded easement or written authorization permitting access.
- I do not currently have written authorization or easement permitting access.
- Written authorization or an easement is not necessary, because the only affected lands I do not own are state-owned submersible lands, and this application is for irrigation and/or domestic use only (ORS 274.040).
- Water is to be diverted, conveyed, and/or used only on federal lands.

List the names and mailing addresses of all affected landowners (*attach additional sheets if necessary*).

SECTION 3: SOURCE OF WATER

A. Proposed Source of Water

Provide the commonly used name of the water body from which water will be diverted, and the name of the stream or lake it flows into. If unnamed, say so:

Source 1: <u>Lost Creek Reservoir</u>	Tributary to: <u>Rogue River</u>
Source 2: _____	Tributary to: _____
Source 3: _____	Tributary to: _____
Source 4: _____	Tributary to: _____

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If any source listed above is stored water that is authorized under a water right permit, certificate, or decree, attach a copy of the document or list the document number (for decrees, list the volume, page and/or decree name).

B. Applications to Use Stored Water

Do you, or will you, own the reservoir(s) described in item 3A above?

- Yes.
- No. (Please enclose a copy of your written notification to the operator of the reservoir of your intent to file this application, which you should have already mailed or delivered to the operator.)

Refer to Bureau of Reclamation Contract No. 019E101327 per Permit S-53834, see Section 8.

84747

S-87789

If *all* sources listed in item 3A are stored water, the Department will review your application using the expedited process provided in ORS 537.147, unless you check the box below. Please see the instruction booklet for more information.

By checking this box, you are requesting that the Department process your application under the standard process outlined in ORS 537.150 and 537.153, rather than the expedited process provided by ORS 537.147. To file an application under the standard process, you must enclose the following:

- A copy of a signed non-expired contract or other agreement with the owner of the reservoir (if not you) to impound the volume of water you propose to use in this application.
- A copy of your written agreement with the party (if any) delivering the water from the reservoir to you.

SECTION 4: WATER USE

Provide the amount of water you propose to use from each source, for each use, in cubic feet-per-second (cfs) or gallons-per-minute (gpm). If the proposed use is from storage, provide the amount in acre-feet (af):

(1 cfs equals 448.8 gpm. 1 acre-foot equals 325,851 gallons or 43,560 cubic feet)

SOURCE	USE	PERIOD OF USE	AMOUNT
Lost Creek Reservoir	Irrigation	March 1 thru October 31	10 <input type="checkbox"/> cfs <input type="checkbox"/> gpm <input checked="" type="checkbox"/> af
			<input type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af
			<input type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af
			<input type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af

For irrigation use only:

Please indicate the number of primary and supplemental acres to be irrigated.

Primary: 3.7 Acres Supplemental: 0.0 Acres

List the Permit or Certificate number of the underlying primary water right(s): _____

Indicate the maximum total number of acre-feet you expect to use in an irrigation season: _____

- If the use is **municipal or quasi-municipal**, attach **Form M**
- If the use is **domestic**, indicate the number of households: _____
- If the use is **mining**, describe what is being mined and the method(s) of extraction:

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SECTION 5: WATER MANAGEMENT

A. Diversion and Conveyance

What equipment will you use to pump water from your source?

Pump (give horsepower and type): Berkeley 3HP Model C 1 1/4 TPMS Centrifugal

Other means (describe): _____

Provide a description of the proposed means of diversion, construction, and operation of the diversion works and conveyance of water.

2 1/2" flexible suction hose in river with suction screen on a skid plate, 2 1/2" main PVC distribution pipe to irrigated areas.

B. Application Method

What equipment and method of application will be used? (e.g., drip, wheel line, high-pressure sprinkler)

Drip lines and sprinklers

C. Conservation

Please describe why the amount of water requested is needed and measures you propose to: prevent waste; measure the amount of water diverted; prevent damage to public uses of affected surface waters.

Irrigation will be done with drip lines and timed sprinklers to minimize waste and to prevent run-off, diversion will be metered

SECTION 6: RESOURCE PROTECTION

In granting permission to use water from a stream or lake, the state encourages, and in some instances requires, careful control of activities that may affect the waterway or streamside area. See instruction guide for a list of possible permit requirements from other agencies. Please indicate any of the practices you plan to undertake to protect water resources.

- Diversion will be screened to prevent uptake of fish and other aquatic life.
Describe planned actions: ODFW approved fish screen will be used at intake.
- Excavation or clearing of banks will be kept to a minimum to protect riparian or streamside areas.
Describe planned actions: No excavation or clearing is required.
- Operating equipment in a water body will be managed and timed to prevent damage to aquatic life.
Describe: No in stream work will be required.
- Water quality will be protected by preventing erosion and run-off of waste or chemical products.
Describe: Drip lines and timed sprinklers will be utilized to prevent run-off.

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SECTION 7: PROJECT SCHEDULE

Date construction will begin: Construction began under Permit S-53834, refer to Section 8.

Date construction will be completed: ASAP

Date beneficial water use will begin: ASAP

SECTION 8: WITHIN A DISTRICT

Check here if the point of diversion or place of use are located within or served by an irrigation or other water district.

Irrigation District Name	Address	
City	State	Zip

SECTION 9: REMARKS

Use this space to clarify any information you have provided in the application.

The original Permit S-53834 was issued to James Chaisson on September 24, 2002, which was for both Tax Lots 400 and 402 of Township 35 South, Range 1 West, W.M., with a "C" date of October 1, 2006. The two Tax lots were sold September 14, 2005 to separate parties, Tax Lot 400 being sold to Sean Perry. A partial assignment from James Chaisson to Sean Perry was recorded August 7, 2007 in reference to Permit S-53834.

Due to a lack of knowledge of Oregon Water Rights, Sean Perry was under the impression that he had the full water rights after the partial assignment. Construction of the irrigation system was started in 2009 and Neathamer Surveying, Inc. was contacted when the problem was discovered. No use was found prior to the "C" date and the water was not metered, potentially voiding the original permit.

Sean Perry would like to rectify the problem and Jerry Gainey of the Oregon Water Resources Department suggested applying for new rights since Sean Perry was still developing additional acreage for irrigation.

The original partial assignment under Permit S-53834 could then be cancelled when the new permit is issued.

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Land Use Information Form



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

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NOTE TO APPLICANTS

In order for your application to be processed by the Water Resources Department (WRD), this Land Use Information Form must be completed by a local government planning official in the jurisdiction(s) where your water right will be used and developed. The planning official may choose to complete the form while you wait, or return the receipt stub to you. Applications received by WRD without the Land Use Form or the receipt stub will be returned to you. Please be aware that your application will not be approved without land use approval.

This form is NOT required if:

- 1) Water is to be diverted, conveyed, and/or used only on federal lands; **OR**
- 2) The application is for a water right transfer, allocation of conserved water, exchange, permit amendment, or ground water registration modification, and **all** of the following apply:
 - a) The existing and proposed water use is located entirely within lands zoned for exclusive farm-use or within an irrigation district;
 - b) The application involves a change in place of use only;
 - c) The change does not involve the placement or modification of structures, including but not limited to water diversion, impoundment, distribution facilities, water wells and well houses; **and**
 - d) The application involves irrigation water uses only.

NOTE TO LOCAL GOVERNMENTS

The person presenting the attached Land Use Information Form is applying for or modifying a water right. The Water Resources Department (WRD) requires its applicants to obtain land-use information to be sure the water rights do not result in land uses that are incompatible with your comprehensive plan. Please complete the form or detach the receipt stub and return it to the applicant for inclusion in their water right application. You will receive notice once the applicant formally submits his or her request to the WRD. The notice will give more information about WRD's water rights process and provide additional comment opportunities. You will have 30 days from the date of the notice to complete the land-use form and return it to the WRD. If no land-use information is received from you within that 30-day period, the WRD may presume the land use associated with the proposed water right is compatible with your comprehensive plan. Your attention to this request for information is greatly appreciated by the Water Resources Department. If you have any questions concerning this form, please contact the WRD's Customer Service Group at 503-986-0801.

Land Use Information Form



Oregon Water Resources Department
 725 Summer Street NE, Suite A
 Salem, Oregon 97301-1266
 (503) 986-0900
 www.wrd.state.or.us

Applicant: BPPerry Properties, LLC
First Last

Mailing Address: 3697 Benedict Canyon Lane

Sherman Oaks CA 91423 Daytime Phone: (541) 732-2869
City State Zip

A. Land and Location

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), and/or used or developed. Applicants for municipal use, or irrigation uses within irrigation districts may substitute existing and proposed service-area boundaries for the tax-lot information requested below.

Township	Range	Section	¼ ¼	Tax Lot #	Plan Designation (e.g., Rural Residential/RR-5)	Water to be:			Proposed Land Use:
35S	1W	29	SE NW	400	EFU	<input checked="" type="checkbox"/> Diverted	<input checked="" type="checkbox"/> Conveyed	<input checked="" type="checkbox"/> Used	Irrigation
35S	1W	29	SW NW	400	EFU	<input type="checkbox"/> Diverted	<input checked="" type="checkbox"/> Conveyed	<input checked="" type="checkbox"/> Used	Irrigation
						<input type="checkbox"/> Diverted	<input type="checkbox"/> Conveyed	<input type="checkbox"/> Used	
						<input type="checkbox"/> Diverted	<input type="checkbox"/> Conveyed	<input type="checkbox"/> Used	

List all counties and cities where water is proposed to be diverted, conveyed, and/or used or developed:

Jackson County

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B. Description of Proposed Use

Type of application to be filed with the Water Resources Department:
 Permit to Use or Store Water Water Right Transfer Permit Amendment or Ground Water Registration Modification
 Limited Water Use License Allocation of Conserved Water Exchange of Water

Source of water: Reservoir/Pond Ground Water Surface Water (name) Lost Creek Reservoir -> Rogue River

Estimated quantity of water needed: 10.0 cubic feet per second gallons per minute acre-feet

Intended use of water: Irrigation Commercial Industrial Domestic for _____ household(s)
 Municipal Quasi-Municipal Instream Other _____

Briefly describe:
 Stored water from Lost Creek Reservoir will be diverted from the Rogue River and pumped to the place of use and applied by sprinkler and drip lines for irrigation of an orchard, pasture and landscaping.

Note to applicant: If the Land Use Information Form cannot be completed while you wait, please have a local government representative sign the receipt at the bottom of the next page and include it with the application filed with the Water Resources Department.



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For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In that case, only the city planning agency must complete this form. This deals only with the local land-use plan. Do not include approval for activities such as building or grading permits.

Please check the appropriate box below and provide the requested information

Land uses to be served by the proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): 4.2-1

Land uses to be served by the proposed water uses (including proposed construction) involve discretionary land-use approvals as listed in the table below. (Please attach documentation of applicable land-use approvals which have already been obtained. Record of Action/land-use decision and accompanying findings are sufficient.) **If approvals have been obtained but all appeal periods have not ended, check "Being pursued."**

Type of Land-Use Approval Needed (e.g., plan amendments, rezones, conditional-use permits, etc.)	Cite Most Significant, Applicable Plan Policies & Ordinance Section References	Land-Use Approval:	
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being Pursued <input type="checkbox"/> Not Being Pursued

Local governments are invited to express special land-use concerns or make recommendations to the Water Resources Department regarding this proposed use of water below, or on a separate sheet.

Farm use (Ag Use) is out right permitted in EFU zoning district.

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PLANNING

Name: Youngsook Kim Title: Planner 1
 Signature: [Handwritten Signature] Phone: 774-6946 Date: 3/22/2012
 Government Entity: Jackson County

Note to local government representative: Please complete this form or sign the receipt below and return it to the applicant. If you sign the receipt, you will have 30 days from the Water Resources Department's notice date to return the completed Land Use Information Form or WRD may presume the land use associated with the proposed use of water is compatible with local comprehensive plans.



Receipt for Request for Land Use Information

Applicant name: _____
 City or County: _____ Staff contact: _____
 Signature: _____ Phone: _____ Date: _____

Jackson County Official Records 2011-016535
R-WD
Cnt=1 MORGANSS 06/01/2011 03:56:46 PM
\$15.00 \$10.00 \$5.00 \$11.00 \$15.00 Total:\$69.00
\$3.00



I, Christine Walker, County Clerk for Jackson County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Christine Walker - County Clerk

**UNLESS A CHANGE IS REQUESTED,
ALL TAX STATEMENTS SHALL BE
SENT TO THE FOLLOWING ADDRESS:**

Sean E. Perry & Nicole T. Perry, Trustees
Perry Family Trust uad 4/6/06
3697 Benedict Canyon Lane
Sherman Oaks, CA 91423

AFTER RECORDING, RETURN TO:

Jason M. Anderson
Foster Denman, LLP
Post Office Box 1667
Medford, OR 97501

WARRANTY DEED

SEAN E. PERRY and NICOLE T. PERRY, Trustees of the Perry Family Trust dated April 6, 2006, Grantors, convey and warrant to BPPERRY PROPERTIES, LLC, an Oregon limited liability company, Grantee, the real property located in Jackson County, Oregon, and more particularly described on Exhibit "A" attached hereto and made a part hereof.

The liability and obligations of the Grantors to Grantee and Grantee's heirs and assigns under the warranties and covenants contained herein or provided by law shall be limited to the amount, nature and terms of any right or indemnification available to Grantors under any title insurance policy, and Grantors shall have no liability or obligation except to the extent that reimbursement for such liability or obligation is available to Grantors under any such title insurance policy.

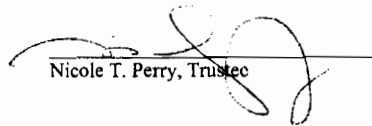
The true consideration for this conveyance is other value given.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, 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 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

DATED this 1st day of June, 2011.

PERRY FAMILY TRUST UAD 4/6/06


Sean E. Perry, Trustee


Nicole T. Perry, Trustee

[California notary acknowledgment next page]

Warranty Deed

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SALEM, OREGON

S-07789

EXHIBIT "A"

The North Half of Government Lot 7 in Section 29 in Township 35 South, Range 1 West of the Willamette Meridian in Jackson County, Oregon.

EXCEPTING THEREFROM the following: Beginning at the Northwest corner of Government Lot 7 in Section 29 of Township 35 South, Range 1 West of the Willamette Meridian in Oregon; thence East, along the North line of said lot, 792.0 feet; thence Southwesterly in a straight direction to a point on the West line of said Government Lot, 330.0 feet South of the point of beginning; thence North 330.0 feet, along said West line, to the point of beginning.

ALSO EXCEPTING THEREFROM: Commencing at the North one-sixteenth corner common to Sections 29 and 30 in Township 35 South, Range 1 West of the Willamette Meridian in Jackson County, Oregon; thence along the West boundary of said Section 29, South 0°10'40" West 661.25 feet to a 1" galvanized iron pipe; thence along a line monumented on Recorded Survey No. 686, County Surveyor's Office, South 89°40'06" East, 30.00 feet to the true point of beginning; thence North 0°10'40" East, 163.00 feet; thence North 78°53'10" East, 843.32 feet; thence South 89°38'50" East, a more or less distance of 790 feet to the center of Rogue River; thence along the center of said river, in a Southeasterly direction, a more or less distance of 340 feet to a point from which the true point of beginning bears North 89°40'06" West; thence to and along the said line monumented on Recorded Survey No. 686, North 89°40'06" West, 1700 feet to the true point of beginning.

Address: 2500 Pine Gate Way, White City, Oregon

Exhibit "A" - Warranty Deed

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S-07789



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1266
503-986-0900
FAX 503-986-0904

August 7, 2007

Perry Family Trust
2500 Pine Gate Way
White City, Oregon 97503

Reference: Application S-84747, Permit S-53834

The partial assignment from James Chaisson Sr., to Sean Perry, has been recorded in the records of the Water Resources Department.

Our records have been changed accordingly and the original request is enclosed. Receipt number 89070 covering the recording fee of \$50 is also enclosed.

Sincerely,

Jerry Sauter
Water Rights Program Analyst

Enclosure: Receipt 89070

cc: Watermaster 13
James Chaisson
Data Center, OWRD (Complete Copy of Assignment Request)
Water Availability
File

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S-87789



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United States Department of the Interior

BUREAU OF RECLAMATION
Pacific Northwest Region
1150 North Curtis Road, Suite 100
Boise, Idaho 83706-1234

IN REPLY
REFER TO:

PN-3322
WTR-4.00

SEP 17 2001

Mr. Jim Chaisson
2200 Pine Gate Way
White City OR 97503

Subject: Water Service Contract No. 019E101327, Lost Creek Reservoir, Rogue River Basin
Project, Oregon

Dear Mr. Chaisson:

Enclosed for your records is a fully executed original of Contract No. 019E101327, which provides for the irrigation use of 144 acre-feet of stored water from Lost Creek Reservoir commencing with the 2001 irrigation season. If you are unable to use 144 acre-feet of stored water this irrigation season, pursuant to contract article 5, you may submit your water use in writing to this office by December 1, 2001 for an appropriate credit to the 2002 water service payment.

Thank you for promptly executing the subject contract. Should you have any questions about the contract, please contact Mike Cobell at the above address or telephone (208) 378-5223. If you have any billing questions, please contact Nancy Catron at the above address or telephone (208) 378-5065.

Sincerely,

Ryan M. Patterson
Program Manager
Lands and Repayment

Enclosure

cc: Water Rights Division
Oregon Water Resources Department
158 12th Street NE
Salem OR 97310

US Army Corps of Engineers
Attention: CENWP-EC-HR
PO Box 2946
Portland OR 97208

Mr. Larry Menteer
Jackson County Watermaster
10 S Oakdale, Room 106
Medford OR 97501
(each w/copy of contract)

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SALEM, OREGON

S-87787

S-84747

Contract No. 019E101327

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Rogue River Basin Project, Oregon

CONTRACT FOR WATER SERVICE

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SALEM, OREGON

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Rogue River Basin Project, Oregon

CONTRACT FOR WATER SERVICE

THIS CONTRACT, made this 13th day of September, 2001, pursuant to section 9(e) of the Act of August 4, 1939 (53 Stat. 1187), and section 8 of the Act of December 22, 1944 (58 Stat. 887, 891), (which acts are commonly known and referred to as the Reclamation Laws), and the Flood Control Act of 1962 (76 Stat. 1173), between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the Contracting Officer executing this contract, and Jim Chaisson, hereinafter referred to as the Contractor;

WITNESSETH, THAT:

Explanatory Recitals

2. WHEREAS, The United States has constructed and operates Applegate and Lost Creek Reservoirs in the Rogue River Basin, Oregon, herein styled the Rogue River Basin Project, from which there is a flow of water that can be used for irrigation of land and other beneficial uses, which flow, as it has been developed or as it will be augmented, has been appropriated by the United States pursuant to the laws of Oregon for beneficial use under the Federal Reclamation Laws; and

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SALEM, OREGON

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

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

Lands for Which Water is Furnished: Limitations on Deliveries

4. The United States shall make available each year to the Contractor during the irrigation season from April 1 to October 31, inclusive, water from the Rogue River Basin Project for the irrigation of land owned by the Contractor described as follows:

36 acres, Gov't Lot 7, Section 29, T. 35S., R. 1W., W.M.

Of the land described, not more than 36 acres are to be irrigated. The amount of water to be made available hereunder shall be that quantity which may be applied beneficially in accordance with good usage in the irrigation of the land above described, but not to exceed a maximum diversion of 144 acre-feet of stored water annually, measured at the point of delivery of said water.

Payments for Water

5. (a) An annual payment of \$1,152 for the first irrigation season shall be made to the United States at the time of executing this contract, and subsequent annual payments of \$1,152 will be due on or before April 1 of each succeeding irrigation season in advance of water use. This payment will entitle the Contractor to receive not to exceed 144 acre-feet of stored water for irrigation of the lands described in Article 4 of this contract. The Contracting Officer will consider adjusting the water service payment downward based on information received from the Contractor, the State of Oregon, or other reliable sources as to the actual amount of stored water delivered each month 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 for 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 in writing by the Contracting Officer by December 1 of that year.

(b) The annual charge set forth in (a) above is based on an initial rate of \$8 per acre-foot of stored water; Provided, that such annual charge shall as a minimum be the greater of either the product of \$2 multiplied by the number of acres described in Article 4 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 Rogue River 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 may include checks, wire transfers, or other types of payment specified by the United States. Except when otherwise specified by the United States, all payments shall be made by check.

(d) Payments required hereunder shall be made to the Bureau of Reclamation at the location described in Article 14 of this contract.

Contract Administration Fee

6. (a) Upon execution of this contract, a \$100 fee for the preparation of this contract is due and payable by the Contractor to the United States.

(b) All future contract actions, including new contracts, contract amendments, supplements, and assignments will be charged a \$100 fee: Provided, That the fee shall be reviewed by the Contracting Officer and revised from time to time to cover costs to the United States.

Charges for Delinquent Payments

7. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month prescribed by section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied, first to the penalty, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

Furnishing of Water

8. (a) Upon payment of the annual payment specified in subarticle 5(a) above, the United States will furnish water to the Contractor from the Rogue River Basin Project pursuant to this contract. No water shall be furnished if the Contractor is delinquent in payment of the required annual payment.

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

1. 1,150 feet North and 1,450 feet East of the West quarter corner of Sec. 29, T. 35S., R. 1W., W.M.
2. 320 feet North and 1,700 feet East of the West quarter corner of Sec. 29, T. 35S., R. 1W., 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 Contractor shall be required to conform its diversions and releases to the control of the stream as established by the appropriate State-appointed watermaster. 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 the 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.

(c) The Contractor and all other entities heretofore or hereafter contracting with the United States for a right to use water from the Rogue River Basin Project shall, to the extent of their entitlement, have equal priority to the use of water from such project so far as that may be physically practicable and legally possible, without regard to the date of their respective contracts.

Special Conditions

9. (a) It is the responsibility of the Contractor to comply with the laws of the State of Oregon regarding the obtaining and perfecting of permits to divert water to the lands described in Article 4. Prior to executing this contract, the Contractor shall secure any easements from the Corps of Engineers which may be required for constructing facilities to divert and convey the

stored water and provide written verification of such agreements to the Contracting Officer. The obligation of the United States to deliver water under this contract is subject to an operating plan for the Rogue River Basin Project determined in accordance with the law governing the project.

(b) If, at some future date, the Contracting Officer determines there is sufficient demand for irrigation water from the Rogue River Basin Project to justify the formation of an irrigation district, water supply company, or other water user organization, future water service may then be made contingent upon the establishment of such an organization. Under this condition, the Contractor will be notified at least 1 year in advance of the date this contract is terminated and continued water service to the lands described in Article 6 becomes dependent upon membership in the organization established for that purpose.

(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

10. (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 9 or 11, 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 following the first 10-year term or any year thereafter, provided the terminating party has given at least 2 years advance notice in writing to the other party.

Termination of Contract

11. This contract may be terminated and water service hereunder shall cease at the option of the United States or at any time if the Contractor is delinquent in payment of the water service charge for a period of 90 days or upon failure of the Contractor to abide by any notice, order, rule, or regulation of the United States or the State of Oregon now or hereafter established affecting water service hereunder.

United States Not Liable for Water Shortages--Adjustments

12. On account of drought or uncontrollable forces, there may occur a shortage in the total quantity of water available for furnishing to the Contractor by the United States pursuant to this contract. In no event shall any liability accrue against the United States or any of its officers, agents, or employees for any damage direct or indirect arising from such shortages. If such a shortage occurs, the United States will apportion the available water supply among the Contractor and others entitled by existing and future contracts to receive water from the Rogue River Basin Project.

Disclaimer

13. No provision of this contract, nor of any renewal thereof, nor the furnishing of water hereunder will be construed to bind the United States after the expiration of this contract as the

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basis of a permanent water right. Because of possible fluctuations in reservoir surface elevations and downstream flows associated with the Rogue River Basin Project, the United States does not guarantee the availability of water at the point of the Contractor's diversion facilities as they may now be constructed or constructed hereafter. Further, the United States will not be held responsible for any acts or omissions of the Contractor's agents or of persons to whom water is furnished.

Notices

14. 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, Suite 100, Boise, Idaho 83706-1234, and on behalf of the United States, when mailed, postage prepaid, or delivered to Jim Chaisson, 2200 Pine Gate Way, White City OR 97503. 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.

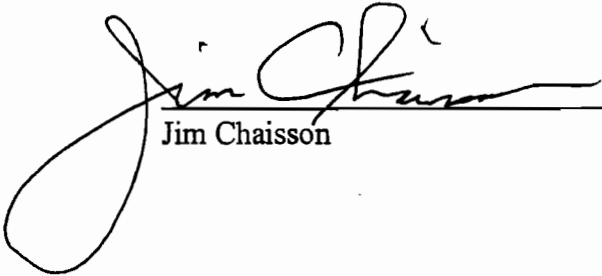
General Provisions

15. 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

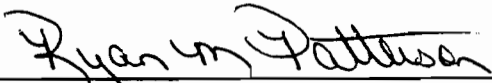
IN WITNESS WHEREOF, the parties hereto have signed their names the day and year first
above written.

CONTRACTOR



Jim Chaisson

UNITED STATES OF AMERICA



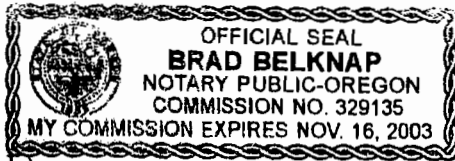
Program Manager, Lands and Repayment
PN Region
Bureau of Reclamation
1150 N. Curtis Road, Suite 100
Boise ID 83706-1234

STATE OF Oregon

County of Tillamook ^{SS}

On this 20 day of July, 2001, before me, a notary public, personally appeared JIM CHAISSON known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged that he is the legal owner of the property for which a water supply is to be provided under the contract and has executed this contract as his 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.



(SEAL)

[Handwritten Signature]

Notary Public in and for the State of Oregon
Residing at: Madras
My commission expires: 11/16/03

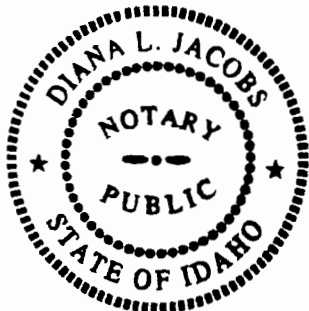
STATE OF IDAHO)

: SS

County of Ada)

On this 13 day of September, 2001, personally appeared before me Ryan M. Patterson, to me known 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.



(SEAL)

[Handwritten Signature: Diana L. Jacobs]

Notary Public in and for the State of IDAHO
Residing at: Boise
My commission expires: 5-23-06

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GENERAL PROVISIONS --- ROGUE RIVER BASIN PROJECT

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

a. The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this contract. No liability shall accrue to the United States in case such funds are not appropriated or allotted.

WATER AND AIR POLLUTION CONTROL

b. The Contractor, in carrying out this contract, shall comply with all applicable water and air pollution laws and regulations of the United States and the State of Oregon, and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

QUALITY OF WATER

c. The operation and maintenance of project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable, as determined by the Contracting Officer. The United States does not warrant the quality of water and is under no obligation to construct or furnish water treatment facilities to maintain or better the quality of water.

EQUAL OPPORTUNITY

d. During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its

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books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the such rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

COMPLIANCE WITH RECLAMATION LAWS

e. The parties agree that the delivery of irrigation water or the use of Federal facilities pursuant to this contract is subject to Reclamation law, as amended and supplemented, including, but not limited to, the Reclamation Reform Act of 1982 (Public Law 97-293).

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

f. The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

OFFICIALS NOT TO BENEFIT

g. No Member of or Delegate to Congress, Resident Commissioner or official of the Contractor shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

WATER CONSERVATION

h. Prior to the delivery of water provided from or conveyed through federally constructed or federally financed facilities pursuant to this contract, the Contractor shall develop an effective water conservation program acceptable to the Contracting Officer. The water conservation program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. At subsequent 5-year intervals, the Contractor shall submit a report on the results of the program to the Contracting Officer for review. Based on the conclusions of the review, the Contracting Officer and the Contractor shall consult and agree to continue or to revise the existing water conservation program.

HAZARDOUS MATERIALS

i. During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor shall comply with all applicable Federal, State, and local laws and regulations, and Reclamation policies and instructions, existing or hereafter enacted or promulgated, concerning any hazardous material that will be used, produced, transported, stored or disposed of on or in lands, waters or facilities owned by the United States or administered by Reclamation.

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(2) "Hazardous material" means any substance, pollutant or contaminant listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq., and the regulations promulgated pursuant to that Act.

(3) The Contractor may not allow contamination of lands, waters or facilities owned by the United States or administered by Reclamation by hazardous materials, thermal pollution, refuse, garbage, sewage, effluent, industrial waste, petroleum products, mine tailings, mineral salts, pesticides (including, but not limited to, the misuse of pesticides), pesticide containers or any other pollutants.

(4) The Contractor shall report to Reclamation, within 24 hours of its occurrence, any event which may or does result in pollution or contamination adversely affecting lands, water or facilities owned by the United States or administered by Reclamation.

(5) Violation of any of the provisions of this Article shall constitute grounds for immediate termination of this contract and shall make the Contractor liable for the cost of full and complete remediation and/or restoration of any Federal resources or facilities that are adversely affected as a result of the violation.

(6) The Contractor agrees to include the provision contained in paragraphs (1) through (5) of this Article in any subcontract or third party contract it may enter into pursuant to this contract.

(7) Reclamation agrees to provide information necessary for the Contractor, using reasonable diligence, to comply with the provision of this Article.

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