

**AGREEMENT
RELEASE OF WATER RIGHTS**

This agreement is by and between **KLAMATH BASIN IMPROVEMENT DISTRICT**, referred to herein as KBID and Patrick A. Apodaca and Linda L. Apodaca, referred to herein as Owner.

WHEREAS:

Owner owns land more particularly described in Exhibit "A" attached hereto, in Klamath County, Oregon, referred to as Klamath County Tax Lot: 391V-2000-00500

Owner or Owner's predecessors in interest agreed to be included within the KBID for the purposes of receiving services, including delivery of water pursuant to the contracts that KBID has with the United States of America by and through the Bureau of Reclamation, Klamath Irrigation District and other districts located within the Klamath Project. KBID is obligated by contract to the following district or districts, hereinafter referred to as Delivery Districts, regarding water delivery to Owner's land:

N/A

Owner no longer desires to receive water deliveries and pay the costs thereof.

IT IS THEREFORE AGREED:

CONDITIONS

This agreement is conditioned upon Delivery Districts forgiving payments owed by KBID associated with such real property by reason of contractual obligation between KBID and Delivery Districts. It is agreed that KBID will cooperate with Owner as Owner makes such requests upon Delivery Districts.

This agreement is further conditioned upon all mortgage and lienholders consenting and agreeing with this agreement, and such mortgage and lienholders subordinating their interest to KBID herein.

This agreement is further conditioned upon all construction charges owed to the United States, acting by and through the Bureau of Reclamation have been paid in full.

A further condition of this agreement is approval of this agreement, and approval of resolution exempting the subject real property from assessments, by the Board of Directors of KBID.

KBID agrees as follows:

1. Upon proper execution of this agreement by all parties, including Delivery Districts, Mortgage and lienholders, and Owner, and upon conditions to this agreement being met, KBID releases Owner from KBID assessments, lien, collection and foreclosure rights KBID has under Oregon law.

OWNER agrees and represents as follows:

1. Owner are the sole owners and holders of the fee simple title to the subject real property, and have good right and title to enter into this agreement.
2. Owner hereby relinquishes, waives and releases all rights of membership and by virtue of being included in the boundaries of KBID, including waiving the right to vote, and receive irrigation water.
3. Owner understands that by entering into this agreement and Owner's failure to apply irrigation water by virtue of rights under KBID and the Klamath Project, Bureau of Reclamation, that Owner may be waiving and forfeiting water rights, including claims to water rights under the laws of the State of Oregon. Owner assigns, transfers and quitclaims to KBID all water rights, if any, appurtenant to the subject real property. Owner irrevocably appoints the Chairman of the Directors of KBID as attorney in fact for the purposes of transferring water rights and for exclusion of lands from KBID.
4. Owner hereby releases KBID, Delivery Districts, and the United States from any and all claims of liability for any damages or injuries to person or property which may have occurred or is presently occurring in connection with the ownership, operation or maintenance of the Klamath Project and district operations and assessments.
5. KBID makes no representations about the possibility of allowing the real property to be included in KBID water deliveries in the future. Owner understands and agrees that should Owner request inclusion into KBID in the future and such inclusion can be allowed, then Owner shall be required to pay all assessments that have been exempted herein, plus interest which would have been chargeable for nonpayment of such assessments if they had not been exempted herein, plus other conditions or assessments as then determined by the Board of Directors of KBID.
6. The restrictions, grants and agreements contained herein shall run with subject real property and shall bind all future owners thereof in perpetuity.

OWNER and KBID agree as follows:

1. This agreement is binding upon the heirs, successors and assigns of the respective parties.

This agreement is executed the 14th day of July, 1993.

OWNER:

Patrick A. Apodaca

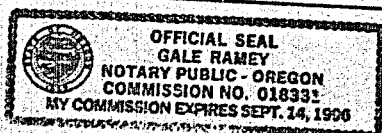
Linda L. Apodaca

STATE OF OREGON

County of Klamath

ss.

The foregoing instrument was acknowledged before me this 14th day of July, 1993, by Patrick A. Apodaca + Linda L. Apodaca



Gale Ramey

Notary Public for Oregon

My Commission expires: 9-14-96

3875

KLAMATH BASIN IMPROVEMENT DISTRICT, by:

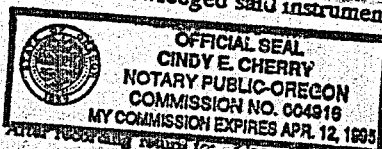
Warren W. Hargrett Tom DeLong

STATE OF OREGON

County of Klamath

ss.

On this 27th day of July, 1993, personally appeared Warren W. Hargrett and Tom DeLong, who, being duly sworn, each for himself and not one for the other, did say that the former is the President and that latter is the Secretary of Klamath Basin Improvement District and that said instrument was signed and sealed in behalf of said district by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed. Before me:



Cindy E. Cherry
Notary Public for Oregon
My Commission expires: 4/12/95

After recording return to: Klamath Basin Improvement District 6640 KID Lane, Klamath Falls, Oregon, 97603

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____
of _____ A.D., 1993 at _____ o'clock M. and duly recorded in Vol. _____
of _____ on Page _____

FEE \$ _____

County Clerk

By _____

SUBORDINATION AGREEMENT

The undersigned owner or holder of a trust deed, mortgage, contract of sale or other lien upon the lands described in the foregoing agreement, in consideration of the exemption of said lands from future assessments of KBID, do hereby subordinate such interest and liens to the terms and conditions of the Agreement to which this is attached and agree they shall be bound by the same.

Klamath First Federal Savings and Loan Association

James D. Bocchi
James D. Bocchi, President

Gerald V. Brown
Gerald V. Brown, Sr. Vice President/Secretary

STATE OF OREGON

1
ss.
1

County of Klamath

On this 13th day of July, 1993, personally appeared James D. Bocchi and Gerald V. Brown, who, being duly sworn, each for himself and not one for the other, did say that the former is the President and that latter is the secretary of Klamath First Federal S & L Assn. and that said instrument was signed and sealed in behalf of said district by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed. Before me:

Linda S. Clement
Notary Public for Oregon
My Commission expires: 9-22-94

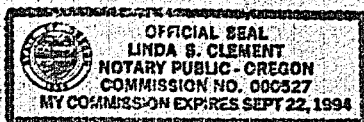


EXHIBIT "A"

3877

A portion of the NE1/4 NW1/4 of Section 20, Township 39 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the North 1/4 corner of Section 20, Township 39 South, Range 11 1/2 East of the Willamette Meridian; thence South 89 degrees 05' 36" West along the North line of said section 20, a distance of 1338.59 feet to the West 1/16th corner on the North line of said Section; thence South 00 degrees 48' 38" East 100 feet to the true point of beginning; thence North 89 degrees 05' 36" East 398.59 feet; thence South a distance of 982.99 feet; thence South 62 degrees 57' 10" West 156.50 feet to the Northerly line of the County Road; thence along said road North 27 degrees 02' 50" West 171.77 feet to the beginning of a curve to the left; thence along said curve with a radius of 518.37 feet through a central angle of 27 degrees 07' 00" for a distance of 245.33 feet; thence North 54 degrees 09' 50" West, 15.95 feet; thence North 00 degrees 48' 38" West 701.05 feet to the true point of beginning. ALSO described as Lot 4 of Parcel 2 of survey filed February 19, 1970, in Book M70 at page 1342.

Tax Account No.: 3911 V2000 00500

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the _____ day
of _____ Feb _____ A.D., 19 94 at 9:05 o'clock _____ A. M., and duly recorded in Vol. _____ M94
of _____ Deeds on Page 3873

FEE \$30.00

Evelyn Biehn County Clerk

By Douglas Millender