

AGREEMENT BETWEEN JERRY O'CONNOR AND COLLEEN O'CONNOR (dba
O'CONNOR LIVESTOCK COMPANY) AND JOHN G. PIERCE:

In reference to sale of property at
4545 Lower Lake Road, Klamath Falls, Oregon
and lands pertaining to;

In exchange for agreeing to allow Jerry O'Connor or O'Connor Livestock to retain ownership of the irrigation well, plus a 20 foot diameter circle around the well plus a sixteen foot wide corridor coincident with the mainline now existing from the well to the point of connection to the mainline from the irrigation district canal and thence north along that mainline to the current property boundary, and in exchange for an easement allowing access up the existing drive to the well and an easement of sufficient width along both sides of all above mentioned mainline to provide access for maintenance and improvements, and in exchange for a guarantee that owner of the sale property will not install or develop any structures or improvements that will prohibit reasonable access to, and maintenance of, the well and existing mainlines, O'Connor Livestock guarantees to John Pierce:

1. That irrigation water may be taken from the mainline crossing the sale property at any time water is being pumped through this line, and taken from the existing connection with and through a five inch mainline that now lies coincident with the east property boundary.
2. That O'Connor Livestock will allocate from their existing water right, a sufficient right to irrigate the area of the sale property that has been planted in alfalfa. O'Connor Livestock will, at their expense, diligently pursue, through a certified Water Rights Examiner, the transfer and assignment of this irrigation right from and through the irrigation district. In the event the State of Oregon should cause Pierce to cease receiving water from the O'Connor mainline, O'Connor Livestock may be required within one year to pay to Pierce an amount equal to a current estimate from Klamath Pump Center or another qualified local well or irrigation pump business, the cost of installing three phase electrical service to, and a pump in, the residential geothermal heating well now existing between the home and shop building, of sufficient size to deliver 150 Gallons per minute at the well head, plus an additional \$1000 to cover the cost of installing a mainline water distribution system from the well to the ground now planted in alfalfa, or an existing 400" to 600" of 5" hook-latch mainline can be used and moved by John Pierce as needed. This payment will not relieve O'Connor Livestock of the responsibility to diligently pursue the securing of the above mentioned water right for the sale property and delivering water from the existing mainline as mentioned above. When such right is subsequently secured, Pierce will pay back to O'Connor livestock an amount equal to one half the total cost paid to him to develop the residential geothermal well for irrigation and thence resume to take irrigation district water from the existing mainline.

Return To: KCTC

422 Main St.

Klamath Falls, Oregon 97601

3. That O'Connor Livestock will not construct any additional structures on the pipeline corridor and will not develop the corridor for any other purpose than conveying water.

4. That the owner of the sale property will have the right, at his expense, to contract for and execute the burial of the current above ground mainline, in a manner that satisfies generally accepted criteria for sound engineering design practice and provides access to any existing valves in the mainline, and that O'Connor livestock would then subsequently maintain the mainline as a buried mainline.

5. That in years that O'Connor livestock company does not operate the mainline pump with sufficient frequency to provide for irrigation of the sale property, John Pierce will be allowed to install, at his expense and in a manner that meets generally accepted criteria for sound engineering design practice, a pump of appropriate size, co-located with the main pump that supplies water from the canal to this mainline, to allow irrigation of the sale property independent of the O'Connor Livestock's pump operation and irrigation schedule.

6. That if at some future date, O'Connor Livestock company sells or transfers ownership of the well or of the parcel of land that is presently irrigated by water from this well to another party, or if the majority ownership of O'Connor Livestock company is held by other than the direct descendants of Jack O'Connor, and if subsequently this irrigation well is not used for productive purposes for a period of any five consecutive years, then access easements to the well and its mainline will expire and ownership of the well and pipeline corridor will transfer to the owner of the sale property, and the pump, and the mainline to the point of connection with the other mainline crossing the property, and auxiliary equipment, may be removed from the sale property by the owner of the sale property and delivered to its owner or held in storage until claimed by its owner. If irrigation district water subsequently continues to be pumped through the mainline across the sale property, the owner of the sale property will retain the right to take water from that mainline in exchange for that pipeline easement and in exchange for an easement for access to maintain and improve that pipeline.

7. The right to erect, at his expense, a "pump house" structure over the well and pumping equipment as long as such structure does not interfere with the safety of operation, or maintenance of, pump and attached equipment.

8. That if this irrigation well is subsequently developed for extraction of geothermal heat, the owner of the sale property will be allowed to make connection, at his expense, to the hot water distribution system at the closest practical point to the well head, and take, at no cost, hot water sufficient to provide space heat for the residence on the sale property.

9. An easement for access to the pipeline corridor and permission to cross the pipeline corridor with livestock fencing, provided such fencing will not interfere with access to and maintenance of the pipeline or well and that such fencing will be removed to provide access, at any time, on 24 hours notice.

10. To cover power costs, John Pierce will pay to O'Connor Livestock the percentage of the ditch pump electricity costs equal to his proportional share of total acres irrigated from the ditch pump, plus a proportional amount per acre charged to O'Connor Livestock by Klamath Hills Irrigation District, or will pay the Irrigation District per-acre-fee directly to the District once water rights on this property is granted.

It is intended that the stated rights and obligations granted to John Pierce will be transferred in whole to his heirs and future owners of this sale property. All rights and obligations that are herein granted to O'Connor Livestock company will pass equally to all heirs and future owners of the present assets of O'Connor Livestock company.

Jeremiah C. O'Connor
Jeremiah C. O'Connor
Jerry O'Connor

4/18/94

Date

Colleen M. O'Connor
Colleen O'Connor

4-18-94

Date

John G. Pierce

4-18-94

Date

John G. Pierce

STATE OF OREGON,

County of Klamath

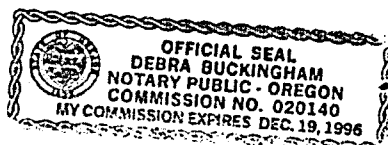
ss.

FORM NO. 23 — ACKNOWLEDGMENT
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

BE IT REMEMBERED, That on this 18th day of April, 1994, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Jeremiah C. O'Connor, Colleen M. O'Connor and John G. Pierce

known to me to be the identical individual(s) described in and who executed the within instrument and acknowledged to me that they executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Debora Buckingham
Notary Public for Oregon.

My Commission expires 12-19-96

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Co the 19th day of April A.D., 1994 at 10:32 o'clock AM. and duly recorded in Vol. M94 of Deeds on Page 11561.

FEE \$40.00

Evelyn Biehn, County Clerk

By *Deborah Millender*