

Property Easement Agreement

The grantor in this agreement is Inger H. Burns, the land owner, of 30242 Hwy 97 N., Chiloquin, OR, or any successive owner[s] of this Burns property.

The grantee in this agreement is Arthur R. Smith, the owner of the 20 acres directly north of the grantor's property, or any successive owner[s] of this Smith property.

On this 2nd day of July, 2002 and in consideration of one dollar paid to Inger H. Burns by Arthur R. Smith, the grantor grants to the grantee the following property easement for the following purpose and use under the following conditions:

The Easement: A 20 foot wide easement along the eastern most line of her property west of the Union Pacific/Southern Pacific Railroad right of way from the northern most point on this line to the point where the Modoc Point Irrigation District [MPID] supply ditch enters the Burns property after passing through the deeded Union Pacific/Southern Pacific Railroad right of way.

Purpose: In light of the fact that the grantee has a recognized 12 acre water right claim through MPID in the Upper Klamath Basin water right adjudication process, which is on going, this easement is for the purpose of allowing the grantee access to MPID irrigation water at a diversion point on the MPID supply system on the grantor's property. This easement is for no other purpose than the specific one stated, and it is vacated if MPID, or its successor, ceases to supply irrigation water to properties in the immediate area of the grantor's and grantee's properties.

Use: Within the 20 foot easement granted, the grantee has the right to construct and maintain a diversion ditch or underground pipe, or to place a pump and underground pipe to carry water from the MPID supply ditch to the southeast corner of the grantee's property. Any electrical service to any pump must be placed underground from Day School Road to the pump site along the eastern boundary of the grantee's property.

Conditions:

1. If the grantee fails to maintain in good condition any improvements within the easement or causes damage to the grantor's property as a result of his/her activities within this easement, this easement can be vacated by the grantor.
2. If this easement is not substantially used by the grantee for a period of three consecutive years for the purpose it has been granted, it shall vacate automatically.
3. The grantee must obtain approval from MPID, or its successor, for any and all improvements within the easement that connect to or affect in any substantial way the MPID irrigation supply ditch or system.
4. If the grantee fails to remain a member in good standing of MPID, this easement shall be vacated.
5. In the event the easement is vacated for any reason, it is the responsibility of the grantee to remove all ditch, pump or pipe improvements and leave the easement area in restored condition.

This easement is permanent and transferable so long as the stipulations in the Purpose, Use and Conditions sections of this agreement continue to be met by the grantee.

Signed and Dated by the Parties to this Agreement,

Inger H. Burns
Inger H. Burns, property owner and grantor of the easement

7-2-02
Date

Witness Charles E. King

Date 7-2-02

Arthur Ray Smith
Arthur Raymond Smith, grantee

7-2-02
Date

Witness Christine Green

Date 7-2-02

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State of Oregon, County of Klamath

Recorded 07/02/2002 10:30 a m.

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Linda Smith, County Clerk

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STATE OF OREGON,

County of Klamath

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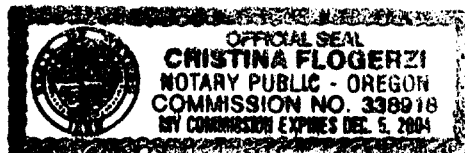
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FORM No. 23—ACKNOWLEDGMENT.
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BE IT REMEMBERED, That on this 2ND day of July, 2002, before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within named

Inger H. Burns and Arthur Raymond Smith
known to me to be the identical individual 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.



Christina Flogerzi

Notary Public for Oregon

My commission expires 12/05/04