

Until a change is requested, all tax statements shall be sent to the following address:

THE NATURE CONSERVANCY
821 SE 14th Avenue
Portland, OR 97214
Attn: Director of Protection

AMERITITLE has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

DRAINAGE EASEMENT AND COVENANT

This Instrument is created this 29th day of March 2013, by and among THE NATURE CONSERVANCY, a District of Columbia nonprofit corporation ("the Grantor"); and by the "Grantees," which consist of 4 MILE AND WEED RANCHES, LP, a California limited partnership, as to the property described in Exhibit A-1; and CHARLES W. BACCHI, a married man as his sole and separate property, NIKKI BACCHI BARI, a married woman as her sole and separate property, CHERI BACCHI LITTLE, a married woman as her sole and separate property, HENRY F. BACCHI, a married man as his sole and separate property, and BRUSH CREEK CO., a California general partnership, all as tenants in common as to Parcels 1 through 5 of the property described in Exhibit A-2; and BRUSH CREEK CO., a California general partnership, as to Parcel 6 of the property described in Exhibit A-2.

The true consideration for granting the easement and covenants in this Instrument is \$10.00.

RECITALS

A. The Grantees are the owners, as their interests are described above, of those certain parcels of real estate situated in Klamath County, Oregon, which are more particularly described in **EXHIBIT A-1** and **EXHIBIT A-2**, attached hereto and made a part hereof. The real property described in those exhibits is collectively referred to herein as the "Benefited Properties."

B. The Grantor is the owner of that certain real estate situated in Klamath County, Oregon, which is more particularly described in **EXHIBIT B**, attached hereto and made a part hereof (the "Burdened Property").

C. The Grantees currently utilize a drainage ditch located on the Burdened Property, which ditch provides surface water drainage for the Benefited Properties across the Burdened Property (the "Drainage Ditch"). The portion of the Drainage Ditch that is the subject of this Instrument is located roughly parallel to the southeasterly boundary of the Burdened Property and delivers drainage water from approximately the southernmost corner of the Burdened

Property northeasterly to the easternmost corner of the Burdened Property. At that location, the Drainage Ditch connects to a drainage pumping system on the Burdened Property, consisting of drainage pumps, pipes, drainage and collection ditches, and drainage discharge area that pumps water from the Drainage Ditch into a larger drainage canal known as 7 Mile Canal ("Drainage Pumping System"). The locations of the Drainage Ditch and Drainage Pumping System are shown in the **EXHIBIT MAP** attached hereto and made a part hereof.

D. The Grantees desire to continue their practices of discharging surface water over and across the Burdened Property through the Drainage Ditch to the Drainage Pumping System and of accessing, operating, and maintaining the Drainage Ditch. The Grantor desires to allow Grantees to use the Burdened Property for those purposes under the conditions contained in this Instrument.

E. The Burdened Property is subject to a Wetland Reserve Program Easement that was recorded on March 21, 2013, in the records of Klamath County, Oregon, under Recording No. 2013-003052 ("WRP Easement"). Under the terms of the WRP Easement, the Burdened Property and the drainage ditches located thereon, including without limitation the Drainage Ditch, may be altered or removed for purposes of achieving certain wetland restoration purposes.

F. The Burdened Property is also subject to a Drainage Pump Access Easement for the benefit of the Grantees, which was recorded on March 22, 2013, in the records of Klamath County, Oregon, under Recording No. 2013-003086 ("Drainage Pump Access Easement"). Under the terms of the Drainage Pump Access Easement, the Drainage Pumping System on the Burdened Property may be accessed, maintained, and improved by the Grantees. Notwithstanding the fact that the Drainage Pump Access Easement was recorded after the WRP Easement, Grantor acknowledges and agrees that Grantees have been exercising rights to access, operate, maintain, improve, repair and replace the Drainage Pumping System long prior to the recording of the WRP Easement.

G. The Grantor and Grantees desire to address (i) the Grantees' rights to maintain and use the Drainage Ditch prior to restoration and also (ii) the requirements on Grantor in the event the Drainage Ditch no longer provides drainage functions for the Benefited Properties.

EASEMENT AGREEMENT

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor hereby grants, conveys, and declares to Grantees for the benefit of the Benefited Properties, as follows below.

1. Declaration of Drainage Covenant. The Grantor hereby declares that the Burdened Property is subject to a covenant by Grantor that Grantor shall be responsible for maintaining the Drainage Ditch in a condition that provides surface water drainage from the Benefited Properties to the Drainage Pumping System in a manner that is reasonably equivalent to the function of the Drainage Ditch at the time this Instrument is executed. The Grantor further covenants, for the

benefit of the Benefited Properties that Grantor's right to restore, alter, or use the Burdened Property in a manner that materially diminishes or eliminates the function of the Drainage Ditch is subject to the Grantor's obligation to construct and install, at its sole expense, an alternative system of providing surface water drainage from the Benefited Properties that is functionally equivalent to that provided by the Drainage Ditch and Drainage Pumping System ("Drainage Alternative"). The Drainage Alternative, including any access improvements thereto, shall be located outside the Burdened Property and shall be designed and located as directed by Grantees, in their sole discretion, provided that Grantees shall consider in good faith design and location options proposed by Grantor. The Drainage Alternative shall be completed by Grantor and be functional before the time such drainage is necessary, in Grantees' sole discretion, for the operation of the Benefited Properties. Access to each component of the Drainage Alternative shall be at least as good as the existing access to the analogous components of the existing drainage system consisting of the Drainage Ditch and Drainage Pumping System as of the date this Instrument is executed. The duration of this Drainage Covenant shall be limited as provided in Paragraph 4 herein.

2. Drainage Easement. The Grantor hereby grants and conveys to Grantees a nonexclusive easement on, over, under, and across the Burdened Property for purposes of providing surface water drainage from the Benefited Properties over and across the Burdened Property to the Drainage Pumping System through the Drainage Ditch and for purposes of operating and maintaining the Drainage Ditch in order to provide such drainage ("Drainage Easement"). This grant of easement includes a right of ingress and egress for vehicles and equipment in an area that is parallel to the Drainage Ditch and reasonably wide enough on both sides of the Drainage Ditch to allow the Grantees and their employees, agents, and contractors to exercise the rights granted herein. The parties intend that this Drainage Easement extend to and connect with the Drainage Pump Access Easement on the Burdened Property. The duration of this Drainage Easement shall be limited as provided in Paragraph 4 herein.

3. Conditions of Drainage Easement Use.

(a) **Subordination to Existing Rights.** The Drainage Easement granted herein is subject to all existing easements, encumbrances, rights, reservations, covenants, and restrictions of record, and is specifically subordinate to the WRP Easement. The Grantees shall exercise the rights granted herein only in accordance with the senior rights held by the United States through the WRP Easement.

(b) **Timing of Exercise.** In consideration of the Grantor's declaration and agreement in Paragraph 1 that it shall be primarily responsible for maintenance of the Drainage Ditch, the Grantees shall not exercise their right of maintenance without first providing Grantor notice of the need to perform maintenance work and allowing Grantor a reasonable opportunity, but in no event longer than 45 days after the date of notice, to perform such work. In the event that Grantor fails to perform or to complete such maintenance work in a reasonable time, then Grantees may exercise their maintenance rights granted herein, subject to compliance with the terms of the WRP Easement; provided that, if the WRP Easement prevents Grantor or Grantees from

performing such maintenance, then Grantor's obligation to provide a Drainage Alternative shall be triggered.

(c) **Miscellaneous Conditions.** Neither Grantees nor Grantor shall make or permit any use of the Burdened Property that is unlawful, improper, or contrary to any applicable law or ordinance. Each party exercising its rights or fulfilling its obligations under this Instrument shall be solely responsible, at that party's own cost and expense, for compliance with all federal, state, and local laws governing or applicable to such exercise or fulfillment, including without limitation any responsibility to obtain, maintain, and comply with any necessary governmental permits, approvals, or licenses for the activities on the Burdened Property. The Grantees shall repair, or cause to be repaired, at its sole cost and expense, any damage caused by Grantees (their employees, agents, contractors, or invitees) to the Burdened Property and any improvements thereon exceeds normal and prudent usage of the Burdened Property or said improvements for the purposes of the Drainage Easement granted herein.

4. Termination of Drainage Covenant and Drainage Easement. The Grantor intends that the Burdened Property will be the subject of a wetland habitat restoration project or other similar conservation work that may involve, in the Grantor's sole discretion, removal or alteration of the Drainage Ditch such that it no longer provides surface water drainage from the Benefited Properties in a manner that is reasonably equivalent to the function of the Drainage Ditch at the time this Instrument is executed. In that event, or in the event that the maintenance necessary to preserve the function of the Drainage Ditch cannot be performed, the Grantor shall fulfill its obligation under the Drainage Covenant to provide a Drainage Alternative for the Benefited Properties. The existing Drainage Ditch shall not be removed or altered until and unless the Drainage Alternative is or will be functioning at the time such drainage is necessary, in Grantees' sole discretion, for the operation of the Benefited Properties. When the Drainage Alternative is functioning and all other obligations of Grantor hereunder have been satisfied, then this Drainage Covenant and Drainage Easement shall terminate automatically, without requiring any further act by any party hereto. At Grantor's discretion, Grantor may record an instrument or other document on the Benefited or Burdened Properties as necessary to clarify the termination of the covenants and easement rights granted herein.

5. Grantor's Reservation. Grantor hereby reserves the right to use the Burdened Property for any and all purposes that do not materially interfere with Grantees' rights granted in this Instrument, except for such interference that results from the restoration or alteration of the Burdened Property as provided herein. Grantor further reserves the right to convey the Burdened Property or to grant any other easement, license, or right-of-way over, under, or across the Burdened Property for any purpose not inconsistent with the rights granted herein.

6. Indemnification.

(a) The Grantees agree to indemnify and hold the Grantor harmless for any and all liability, loss, or penalty arising in any way; including without limitation from personal injury or death, property damage, fire, or harm to wildlife; out of the Grantees' use of the Drainage Easement or

the Burdened Property, or breach of this agreement, by Grantees or their employees, agents, contractors, or invitees.

(b) The Grantor agrees to indemnify and hold the Grantees harmless for any and all liability, loss, or penalty arising in any way; including without limitation from personal injury or death, property damage, fire, or harm to wildlife; out of Grantor's activities under the Drainage Covenant or the Burdened Property, or breach of this agreement, by Grantor or its employees, agents, contractors, or invitees.

7. Attorneys' Fees. In the event of any controversy, claim, or dispute relating to this agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party the prevailing party's costs and expenses, including, without limitation, reasonable attorneys', experts', and consultants' fees and costs.

8. Miscellaneous. This Instrument represents the entire agreement of the parties and may not be amended except by written agreement signed by each party hereto. This Instrument may be executed in several counterparts, which shall constitute one agreement that is binding on all of the parties, notwithstanding that the parties may have signed different counterparts. The parties agree to combine the original signatures into one document for purposes of recording.

9. Recognition of Prior Rights. Grantor acknowledges and agrees that Grantees have been accessing, operating, maintaining, improving and repairing the Drainage Pumping System through oral agreement with the Grantor's predecessor-in-interest for an extended period prior to the date the WRP Easement was recorded. Should there be any future disagreement, conflict, dispute or legal proceeding regarding the scope or enforceability of Grantees' rights under the Drainage Pump Access Easement as they relate to the WRP Easement, Grantor shall treat Grantees' rights as if the Drainage Pump Access Easement was recorded prior to the WRP Easement. Grantor shall indemnify, defend and hold harmless Grantees for (i) any costs, claims or other liability Grantor incurs in performing its obligations hereunder; and (ii) any costs or damages Grantees actually incur in enforcing Grantees' rights hereunder.

10. Binding Effect. The Drainage Easement and Drainage Covenant granted herein and the conditions contained herein shall be covenants running with the land and shall be binding upon Grantor's and Grantees' successors and assigns and all future owners of the Burdened Property and Benefited Properties.

EXECUTED as of the day and year first above written.

THE NATURE CONSERVANCY, a District of Columbia
nonprofit corporation

By: 

Name, Title: Russell Hoeflich

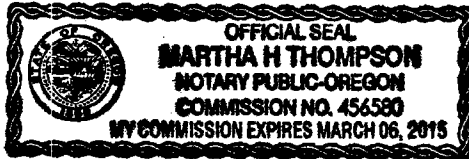
Russell Hoeflich

STATE OF OREGON

COUNTY OF MULTNOMAH

} SS.

This instrument was acknowledged before me on this 27th day of August ~~March~~ 2013, by
RUSSELL HOEFLICH who acknowledged such instrument to be his free and voluntary act and
deed for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to
execute such instrument.




Printed Name: Martha H. Thompson
NOTARY PUBLIC in and for the State of Oregon

GRANTEES:

CW Bacchi
CHARLES W. BACCHI

Cheri Bacchi Little
CHERI BACCHI LITTLE

Nikki Bacchi Bari
NIKKI BACCHI BARI

HENRY F. BACCHI

CW Bacchi, Attorney in fact
By: Charles W. Bacchi, Attorney-in-Fact for
Henry F. Bacchi

BRUSH CREEK CO., a California general partnership
By:

CW Bacchi
Charles W. Bacchi, General Partner

4 MILE AND WEED RANCHES, LP,
a California limited partnership

By: Jeffrey H. Matulis
Name: Jeffrey H. Matulis
Title: Owner



Nikki Bacchi Bari
Nikki Bacchi Bari, General Partner

Cheri Bacchi Little
Cheri Bacchi Little, General Partner

STATE OF CALIFORNIA

COUNTY OF EL DORADO

SS.

On this 29th day of August 2013, before me, CHRISTINA L. HAVENS, NOTARY PUBLIC, personally appeared CHARLES W. BACCHI, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same as an individual and in his authorized capacities as a General Partner of BRUSH CREEK CO., a California General Partnership, and as Attorney-in-Fact for HENRY F. BACCHI, and that by his signature on the instrument the persons or entities upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Christina L. Havens



(Seal)

STATE OF CALIFORNIA

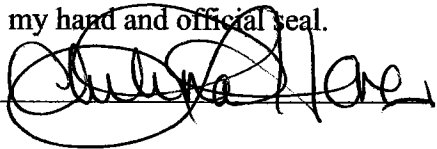
COUNTY OF EL DORADO

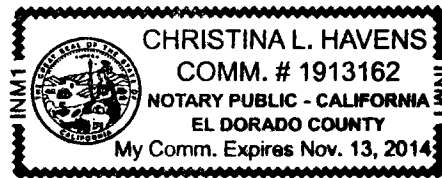
SS.

On this 29th day of August 2013, before me, CHRISTINA L. HAVENS ^{NOTARY PUBLIC}, personally appeared NIKKI BACCHI BARI, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same as an individual and in her authorized capacity as a General Partner of BRUSH CREEK CO., a California General Partnership, and that by her signature on the instrument the person or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: 



(Seal)

STATE OF ~~CALIFORNIA~~ OREGON

COUNTY OF Klamath

SS.

On this 3rd day of Sept. 2013, before me, TERESA R. FOREMAN, personally appeared CHERI BACCHI LITTLE, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same as an individual and in her authorized capacity as a General Partner of BRUSH CREEK CO., a California General Partnership, and that by her signature on the instrument the person or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of ^{OREGON}~~California~~ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: 



(Seal)



STATE OF CALIFORNIA

COUNTY OF merced

} ss.

On this 24 day of Oct 2013, before me, Phylena M. Herrin personally appeared Jeffery H. Mathis, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his/her authorized capacity as owner of 4 MILE AND WEED RANCHES, L.P., a California limited partnership, and that by his her signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Phylena M. Herrin

(Seal)

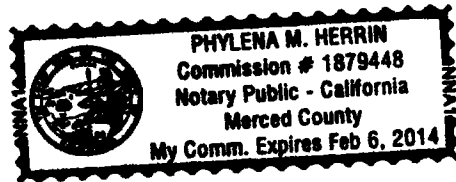


EXHIBIT A-1

LEGAL DESCRIPTION OF 4 MILE AND WEED PROPERTY

Real property in the County of Klamath, State of Oregon, described as follows:

A TRACT OF LAND SITUATED IN SECTIONS 6, 7, 18 AND 19, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH 1/16 CORNER COMMON TO SECTIONS 1 AND 6, TOWNSHIP 34 SOUTH, RANGE 6, EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, AS MARKED BY A 1931 G.L.O. BRASS CAP MONUMENT; THENCE NORTH 00° 03' 52" WEST ALONG THE WEST LINE OF SAID SECTION 6, 620 FEET, MORE OR LESS, TO THE CENTERLINE OF SEVEN MILE CANAL; THENCE EASTERLY, ALONG THE CENTERLINE OF SAID SEVEN MILE CANAL, 310 FEET, MORE OR LESS, THENCE SOUTH 00° 12' 47" WEST 195 FEET, MORE OR LESS, TO A PK NAIL ON A FENCE POST; FROM WHICH SAID NORTH 1/16 CORNER BEARS SOUTH 35° 49' 22" WEST 516.81 FEET; THENCE SOUTH 00° 12' 47" WEST 287.54 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 01° 02' 38" EAST 120.71 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 02° 26' 25" WEST 287.52 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 18° 02' 14" EAST 1131.66 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 83° 43' 23" EAST 48.62 FEET TO A PK NAIL ON A FENCE POST; THENCE NORTH 83° 31' 40" EAST 16.38 FEET TO A PK NAIL ON A FENCE POST; THENCE 43° 54' 16" EAST 58.37 FEET TO A PK NAIL ON A FENCE POST; THENCE NORTH 73° 09' 13" EAST 629.63 FEET TO A PK NAIL ON A FENCE POST; THENCE NORTH 71° 53' 47" EAST GENERALLY ALONG AN EXISTING FENCE, 709.12 FEET TO A 5/8 INCH IRON PIN ON THE NORTHEAST SIDE OF A FENCE CORNER; THENCE NORTH 31° EAST 75 FEET, MORE OR LESS, TO THE CENTERLINE OF THE SAID SEVEN MILE CANAL; THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF THE SAID SEVEN MILE CANAL; 1440 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE CENTERLINE OF THE DIXON AND MCQUISTON CENTER CANAL: SOUTH 00° 13' 57" EAST 16.175 FEET, MORE OR LESS, SOUTH 23° 53' 22" EAST 156.11 FEET AND SOUTH 13° 18' 22" WEST 681.05 FEET TO ITS INTERSECTION WITH THE CENTERLINE OF AN EXISTING CANAL; THENCE NORTH 74° 27' 51" WEST, ALONG THE CENTERLINE OF SAID CANAL, 3243.55 FEET TO THE CENTERLINE OF FOUR-MILE CANAL AND BEING ON THE EAST LINE OF THAT TRACT OF LAND AS DESCRIBED IN DEED VOLUME 331, PAGE 367, PARCEL 1, AS RECORDED IN THE KLAMATH COUNTY DEED RECORDS; THENCE NORTH 00° 04' 38" WEST ALONG THE CENTERLINE OF SAID FOUR MILE CANAL, 2222.53 FEET TO THE NORTHEAST CORNER OF SAID DEED VOLUME 331, PAGE 367, PARCEL 1; THENCE WEST 98.00 FEET TO THE NORTHWEST CORNER OF SAID DEED VOLUME 331, PAGE 367, PARCEL 1, ON THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 19; THENCE NORTH 00° 23' 47" EAST 1557.50 FEET TO THE CORNER COMMON TO SECTIONS 13 AND 24, TOWNSHIP 34 SOUTH, RANGE 6 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, AND SAID SECTIONS 18 AND 19, AS MARKED BY A 1931 G.L.O. BRASS CAP MONUMENT; THENCE NORTH 00° 08' 26" WEST 2547.24 FEET TO THE QUARTER CORNER COMMON TO SAID SECTIONS 13 AND 18, AS MARKED BY A 1931 G.L.O. BRASS CAP MONUMENT; THENCE NORTH 00° 04' 44" WEST 11,466.34 FEET TO THE POINT OF BEGINNING WITH BEARINGS BASED ON SURVEY NO. 3146, AS RECORDED IN THE OFFICE OF THE KLAMATH COUNTY SURVEYOR.

Tax Parcel Number: R76946

EXHIBIT A-2

LEGAL DESCRIPTION OF BACCHI PROPERTY

Real property in the County of Klamath, State of Oregon, described as follows:

PARCEL 1:

A TRACT OF LAND SITUATED IN TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE INTERSECTION OF THE EAST SECTION LINE OF SECTION 6, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN, AND THE CENTERLINE OF THE SEVEN MILE CANAL, AS NOW LOCATED AND CONSTRUCTED; THENCE NORTHWEST ALONG SAID CENTER LINE TO ITS INTERSECTION WITH THE TOWNSHIP LINE BETWEEN TOWNSHIP 34 SOUTH, RANGE 6 EAST WILLAMETTE MERIDIAN AND TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN; THENCE SOUTH ALONG SAID TOWNSHIP TO THE NORTH LINE OF PARCEL 1 OF PROPERTY DESCRIBED IN DEED RECORDED AUGUST 02, 1961 IN VOLUME 331, PAGE 367, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE EAST 98 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF SAID PARCEL 1 OF PROPERTY DESCRIBED IN DEED VOLUME 331, PAGE 367; THENCE SOUTH ALONG THE EAST LINE OF SAID DEED TO THE NORTH LINE OF PARCEL 2 OF THE PROPERTY DESCRIBED IN DEED RECORDED AUGUST 02, 1961 IN VOLUME 331, PAGE 367, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE SOUTHEASTERLY ALONG THE NORTH LINE OF PARCEL 2 OF SAID DEED TO ITS INTERSECTION WITH THE EAST LINE OF THE SECTION LINE COMMON TO SECTIONS 19 AND 30; THENCE NORTH ALONG THE EAST LINE OF SAID SECTION LINE TO THE SOUTHEAST CORNER OF THE PROPERTY DESCRIBED IN THE DEED RECORDED JUNE 05, 1958 IN VOLUME 299, PAGE 646, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE WEST ALONG THE SOUTH LINE OF THE REAL PROPERTY DESCRIBED IN SAID DEED TO THE CENTER LINE OF THE DIXON MCQUISTON CANAL; THENCE NORTH ALONG THE CENTER OF SAID CANAL TO THE NORTHWEST CORNER OF THE REAL PROPERTY DESCRIBED IN THE DEED RECORDED MAY 17, 1956 VOLUME 283, PAGE 212, DEED RECORDS OF KLAMATH COUNTY, OREGON; THENCE EAST ALONG THE NORTH LINE OF THE REAL PROPERTY DESCRIBED IN SAID DEED TO THE EAST LINE OF SECTION 7; THENCE NORTH ALONG THE EAST LINE OF SECTIONS 7 AND 6 TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM, THAT PORTION LYING NORTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINES:

BEGINNING AT THE CORNER COMMON TO SECTIONS 13 AND 24, TOWNSHIP 34 SOUTH, RANGE 6 EAST WILLAMETTE MERIDIAN, AND SAID SECTIONS 18 AND 19, AS MARKED BY A 1931 G.L.O. BRASS CAP MONUMENT; THENCE SOUTH 00° 23' 47" WEST ALONG THE WEST LINE OF SAID SECTION 19, 1557.50 FEET TO THE NORTHWEST CORNER OF THAT TRACT OF LAND AS DESCRIBED IN DEED VOLUME 331, PAGE 367 OF THE SAID KLAMATH COUNTY DEED RECORDS; THENCE EAST 98.00 FEET TO THE NORTHEAST CORNER OF SAID DEED VOLUME 331, PAGE 367 AND BEING THE CENTERLINE OF FOUR MILE CANAL; THENCE SOUTH 00° 04' 38" EAST ALONG THE EAST LINE OF SAID DEED VOLUME 331 PAGE 367, TO THE INTERSECTION OF THE CENTERLINES OF FOUR MILE CANAL AND AN EXISTING CANAL, SAID INTERSECTION BEING THE TRUE POINT OF THE BEGINNING OF THIS DESCRIPTION; THENCE SOUTH 74° 27' 51" EAST ALONG THE CENTERLINE OF SAID CANAL, 3243.55 FEET, TO ITS INTERSECTION WITH THE CENTERLINE OF THE DIXON AND MCQUISTON CANAL; THENCE, ALONG THE CENTERLINE OF SAID DIXON AND MCQUISTON CENTER CANAL, NORTH 13° 18' 22" EAST 681.05 FEET, NORTH 23° 53' 22" WEST 156.11 FEET AND NORTH 00° 13' 57" WEST 16,175 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE CENTERLINE OF THE SEVEN MILE CANAL, WITH BEARINGS BASED ON SURVEY NO. 3146, AS RECORDED IN THE OFFICE OF THE KLAMATH COUNTY SURVEYOR. THE REMAINING TRACT CONTAINING 1100 ACRES, MORE OR LESS.

PARCEL 2:

A PORTION OF THE SOUTH HALF OF SECTION 20, TOWNSHIP 34 NORTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:
BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SECTION 20 AND THE NORTH LINE OF PROPERTY DESCRIBED IN DEED VOLUME 331, PAGE 367, RECORDS OF KLAMATH COUNTY, OREGON;
THENCE SOUTH 88° 57' EAST ALONG SAID NORTH LINE A DISTANCE OF 4,700 FEET TO A POINT;
THENCE NORTH A DISTANCE OF 200 FEET TO A POINT; THENCE WEST TO A POINT ON THE CENTERLINE OF A CANAL RUNNING SOUTHWESTERLY THROUGH SECTION 20; THENCE NORTHWESTERLY ALONG SAID CENTER LINE OF CANAL TO THE WEST LINE OF SAID SECTION 20;
THENCE SOUTH 2250 FEET, MORE OR LESS, ALONG SAID WEST LINE OF SECTION 20 TO THE POINT OF BEGINNING.

PARCEL 3:

A PARCEL OF LAND SITUATE IN SECTIONS 7 AND 18, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT IN THE CENTER LINE OF THE DIXON AND MCQUISTON CENTER CANAL, AS THE SAME IS NOW LOCATED AND CONSTRUCTED, FROM WHICH THE SECTION CORNER AT THE SOUTHEASTERLY CORNER OF SECTION 1, TOWNSHIP 34 SOUTH OF THE RANGE 6 EAST WILLAMETTE MERIDIAN, AS ESTABLISHED BY NORMAN D. PRICE, U.S. CADASTRAL ENGINEER, BETWEEN OCTOBER 31, 1930 AND JUNE 22, 1931, BEARS NORTH 0° 04' WEST, ALONG SAID CENTER LINE OF THE CENTER CANAL 4246.0 FEET, TO A POINT IN THE CENTER LINE OF THE SEVEN MILE CANAL, AS THE SAME IS NOW LOCATED AND CONSTRUCTED, AND SOUTH 56° 11' WEST 3923.8 FEET TO SAID CORNER, AND RUNNING FROM SAID POINT OF BEGINNING EAST 2006.0 FEET, MORE OR LESS, TO A POINT IN THE SECTION LINE MARKING THE EASTERLY BOUNDARY OF THE SAID SECTION 7, 1796.6 FEET SOUTHERLY FROM THE CORNER COMMON TO SECTIONS 5, 6, 7, AND 8, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN; THENCE SOUTH 0° 01' 1/2" WEST ALONG SAID SECTION LINE 3441.4 FEET, MORE OR LESS, TO THE SECTION CORNER COMMONS TO SECTION 7, 8, 17 AND 18, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN; THENCE SOUTH 0° 18 1/2' WEST, ALONG THE SECTION LINE MARKING THE EASTERLY BOUNDARY OF THE SAID SECTION 18, 37.6 FEET; THENCE WEST 2000.3 FEET, MORE OR LESS, TO A POINT IN THE CENTERLINE OF THE SAID DIXON AND MCQUISTON CENTER CANAL; THENCE NORTH 0° 04' WEST, ALONG THE CANAL CENTER LINE 3479.0 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 4:

A PARCEL OF LAND SITUATE IN SECTION 18, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN MORE PARTICULARLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE POINT IN THE CENTER LINE OF THE DIXON AND MCQUISTON CENTER CANAL, AS THE SAME IS NOW LOCATED AND CONSTRUCTED, FROM WHICH THE SECTION CORNER AT THE SOUTHEASTERLY CORNER OF SECTION 1, TOWNSHIP 34 SOUTH, RANGE 6 EAST WILLAMETTE MERIDIAN, AS ESTABLISHED BY NORMAN D. PRICE, U.S. CADASTRAL ENGINEER, BETWEEN OCTOBER 31, 1930, AND JUNE 22 1931, BEARS NORTH 0° 04' WEST ALONG SAID CENTER LINE OF CENTER CANAL, 7755.0 FEET TO A POINT IN THE CENTER LINE OF THE SEVEN MILE CANAL AS THE SAME IS NOW LOCATED AND CONSTRUCTED, AND SOUTH 56° 11' WEST 3923.8 FEET TO A SAID CORNER, AND RUNNING FROM SAID POINT OF BEGINNING EAST 2000.3 FEET, MORE OR LESS, TO A POINT IN THE SECTION LINE MARKING THE EASTERLY BOUNDARY OF SAID SECTION 18, 37.6 FEET SOUTHERLY FROM THE SECTION CORNER COMMON TO SECTIONS 7, 8, 17, AND 18, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN; THENCE SOUTH 0° 18 1/2' WEST ALONG THE SAID SECTION LINE 3504.5 FEET; THENCE WEST 1977.3 FEET, MORE OR LESS, TO A POINT IN THE CENTERLINE OF THE SAID DIXON AND MCQUISTON CENTER CANAL; THENCE NORTH 0° 04' WEST ALONG THE CANAL CENTER LINE 3504.4 FEET, MORE OR LESS, TO A POINT OF BEGINNING.

PARCEL 5:

A TRACT OF LAND SITUATED IN GOVERNMENT LOTS 20, 21, 22 AND 25 OF SECTION 6, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A PK NAIL ON A FENCE POST FROM WHICH THE NORTH 1/16 CORNER COMMON TO SAID SECTION 6 AND SECTION 1, TOWNSHIP 34 SOUTH, RANGE 6 EAST WILLAMETTE MERIDIAN, KLAMATH COUNTY OREGON, BEARS SOUTH 35° 49' 22" WEST 516.81 FEET; THENCE SOUTH 00° 12' 47" WEST 287.54 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 01° 02' 38" EAST 120.71 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 02° 26' 25" WEST 287.52 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 18° 02' 14" EAST 1131.66 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 83° 43' 23" EAST 48.62 FEET TO A PK NAIL ON A FENCE POST; THENCE NORTH 83° 31' 40" EAST 16.38 FEET TO A PK NAIL ON A FENCE POST; THENCE SOUTH 43° 54' 16" EAST 58.37 FEET TO A PK NAIL ON A FENCE POST; THENCE NORTH 73° 09' 13" EAST 629.63 FEET TO A PK NAIL ON A FENCE POST; THENCE NORTH 71° 53' 47" EAST, GENERALLY ALONG AN EXISTING FENCE 709.12 FEET TO A 5/8 INCH IRON PIN ON THE NORTHEAST SIDE OF A FENCE CORNER; THENCE NORTH 31° EAST 75 FEET, MORE OR LESS, TO THE CENTERLINE OF THE SEVEN MILE CANAL; THENCE NORTHWESTERLY ALONG THE CENTERLINE OF SAID SEVEN MILE CANAL TO A POINT THAT BEARS NORTH 00° 12' 47" EAST FROM THE POINT OF BEGINNING; THENCE SOUTH 00° 12' 47" WEST 195 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 6:

ALL THAT PROPERTY IN SECTIONS 29 AND 30, TOWNSHIP 34 SOUTH, RANGE 7 1/2 EAST WILLAMETTE MERIDIAN, LYING NORTH OF THE FOLLOWING-DESCRIBED PROPERTY:

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF FOUR MILE CANAL AND A LINE 8.0 FEET NORTH OF THE NORTHERLY BANK OF AN EAST-WEST CANAL FROM WHICH A 1 INCH IRON PIPE WITH A 2 INCH BRONZE CAP (SET BY M.D. PRICE IN 1931) MARKING THE SECTION CORNER COMMON TO SECTIONS 19, 24, 25 AND 30, TOWNSHIP 35 SOUTH, RANGE 6 AND 7 1/2 EAST WILLAMETTE MERIDIAN, BEARS NORTH 31° 35' 07" WEST - 245.82 FEET, MORE OR LESS; THENCE EASTERLY ALONG A LINE 8.0 FEET NORTH OF THE NORTHERLY BANK OF SAID EAST-WEST CANAL THROUGH SECTIONS 29 AND 30 TO THE EASTERLY BOUNDARY OF "PARCEL 2" DESCRIBED IN VOLUME 242, PAGE 532 OF THE KLAMATH COUNTY DEED RECORDS.

EXHIBIT B

LEGAL DESCRIPTION OF BURDENED PROPERTY

A piece or parcel of land situated in Section 5, 8, 16, 17, 20 and 21, Township 34 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the intersection of the center line of Seven Mile Canal as the same is now located and constructed, with the line marking the Westerly boundary of the said Section 5, Township 34 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, and from which point the Southeasterly corner of Section 1, Township 34 South, Range 6 East of the Willamette Meridian, Klamath County, Oregon, as established by Norman D. Price, U.S. Cadastral Engineer, between October 31, 1930 and June 22, 1931, bears South 83° 59' West, 5310.1 feet distant, and running thence downstream along the said center line of Seven Mile Canal South 61° 35 1/2' East 861.2 feet; thence South 31° 46 1/2' East 2306.4 feet; thence South 34° 23 1/2' East 1252.4 feet; thence South 32° 27 1/2' East 2101.8 feet; thence South 41° 02 112' East 8802.1 feet, more or less, to the intersection of the said center line of Seven Mile Canal, with a line which is parallel with and 70.0 feet at right angles Southeasterly from the center line of the Dixon and McQuiston Levees, as the same is now located and constructed; thence leaving the center line of Seven Mile Canal and following the same line parallel with the said Dixon and McQuiston Levee South 44° 40' West 6437.9 feet, more or less, to its intersection with the Southerly boundary of the said Section 20, Township 34 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon; thence Westerly along the Southerly boundary of said Section 20, 4905.3 feet, more or less, to the Southwesterly corner of the said Section 20, Township 34 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon; thence Northerly along the Westerly boundary of the said Sections 20, 17, 8 and 5, Township 34 South, Range 7 1/2 East of the Willamette Meridian, Klamath County, Oregon, 16,570.6 feet, more or less to the point of beginning.

EXCEPTING THEREFROM that portion conveyed to D'Artney Bros., a co-partnership, by Deed recorded in Volume 331, page 367, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM that portion conveyed to Byron W. Bacchi, et ux, and Henry Francis Bacchi, et ux, by Deed recorded in Volume 350, page 675, Deed Records of Klamath County, Oregon.