

CORVALLIS CANAL AND WATER COMPANY

Dear Shareholders:

Many questions have been asked about the irrigation water and rights of the Corvallis Canal and Water Company. I will try to answer some questions and provide other information about the Canal.

The Corvallis Canal and Water Company has a decreed water right from the Bitter Root River of 5,000 miners inches of water with a priority date of January 1, 1871. The main canal is approximately 9.5 miles long and carries water to irrigate approximately 3,850 acres. With 85 active shares in the company, each FULL share is equal to 58.8 miners inches of water. The 85 shares of stock are divided among 170 water users in the Canal system.

The Corvallis Canal and Water Company is responsible for maintaining and delivering water in the MAIN CANAL to the headgates of the lateral ditches. The water users are responsible for the headgates on their lateral ditch and for the maintenance, cleaning and general upkeep of their lateral ditch. Everyone on each lateral ditch is responsible for getting along with your neighbor, you should only take as much water as you are entitled to, you must agree with the neighbors down the ditch to allow that shareholder to have their allowed water. Costs of repairs, cleaning and general maintenance must be divided among all water users on that lateral ditch.

When the headgate on the main canal supplying water to your lateral ditch is in need of repair, it is up to the water-users that use that headgate to repair it. If proper repair work is not done in a timely basis, that headgate may be shut down so that the rest of the water users on the main canal will not suffer from lack of water.

Water is turned into the Canal in April of each year and shut out between November 1 to 15. If any water remains in the canal, it comes from groundwater, seepage or other sources beyond the control of the Company. The snow and ice that may collect in the Canal and ditches during the winter may cause flooding when it thaws. That is an act of God and we all pray that no one is harmed.

There are two (2) assessments each year for the purpose of maintaining the Canal. Five elected directors are in charge of the general control of the Canal. An annual meeting is held on the first Saturday of March each year.

I hope this brief account helps each shareholder better understand the way the Canal operates.

Lorena Erickson
Secretary/Treasurer 961-3330