



STATE OF WYOMING
BOARD OF LAND COMMISSIONERS

GRAZING AND AGRICULTURAL LEASE

(1) **PARTIES** - The parties of this lease are:

PADLOCK RANCH COMPANY

whose address is 8420 US Hwy. 14, Rancheater, WY 82839, (Lessee), and the Wyoming Board of Land Commissioners, (Lessor),
whose address is Office of State Lands and Investments, 122 West 25th Street, 3rd Floor West, Cheyenne, Wyoming 82002-0600.

In the event that the addresses listed above change, the party whose address has changed shall immediately notify the other party to the lease in writing.

(2) **PURPOSE OF LEASE** - Under the authority of W.S. 36-5-101 et seq. Lessor is granting the leasehold right for grazing and agricultural purposes only, provided, that in the event the Lessee changes the use of grazing lands to other agricultural purposes, either by dry land process or irrigation, the Lessee shall notify the Office of State Lands and Investments of the acreage placed under cultivation and the Lessee shall pay an increased annual rental therefore as fixed by the Lessor. The parties desire to enter a lease contract (Lease) defining their rights, duties and liabilities relating to the premises. In consideration of the payment of the first year's rental, receipt of which is hereby acknowledged, and the covenants and agreements herein made, to be kept and performed by the Lessee, the Lessor hereby leases to Lessee, for GRAZING AND AGRICULTURAL purposes only, the following described lands, subject to all terms, conditions and restrictions contained in this lease, the Statutes of the State of Wyoming and the rules and regulations of the Board of Land Commissioners.

DESCRIPTION:

<u>Acres</u>	<u>Description</u>	<u>Sec</u>	<u>Twp</u>	<u>Range</u>	<u>Co</u>
640.000 ALL		16	57.0N	84.0W	SH

(3) **TERM OF LEASE** - The term of this lease shall begin at 5:00 P.M. on the First day of February, 2012 and terminate at 5:00 P.M. on the First day of February, 2022.

(4) **RENT PAYMENT** - The Lessee shall pay to the Lessor at the Office of State Lands and Investments, Herschler Building, Cheyenne, Wyoming, a rental for the use of the premises in the initial amount of \$ 2,174.12 per annum. This amount is subject to change on an annual basis and may be increased or decreased by the Lessor in the event of reclassification of the land, due to a change in its use, a change in the carrying capacity, or a change in the minimum annual rental for grazing and agricultural leases adopted by the Lessor or change in the law. Annual rentals are due and payable on the anniversary date of this lease. If the annual rental is not paid on or before the anniversary date a 10% late fee will be assessed. If the annual rental and late fee are not paid within thirty (30) days following the date of the notice, the lease will be canceled.

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(5) Unless permission has been obtained in the manner provided, the owner of the improvements in excess of the \$2,000.00 per section shall not be entitled to compensation as provided by W.S. 36-5-111 and 36-9-105, and upon expiration of the lease the improvements shall forfeit to and become the property of the state; except that within 120 days from the date of the expiration of the lease, the owner may remove such improvements in a manner which minimizes injury to the land.

(e) **ENTRY UPON LEASED PREMISES BY THIRD PARTIES** - Third parties desiring to enter upon the leased premises shall contact the lessee prior to entry, unless it is a member of the Board of Land Commissioners or its representatives or a member of the public when entering for purposes of hunting and fishing and casual recreational use pursuant to provisions of Chapter 13 of the Rules and Regulations of the Board of Land Commissioners. For all entries by third parties, the lessee may negotiate a payment for damage to the surface of the leased premises, pursuant to Chapter 4, Section 13. Payments must be consistent with payments for damages to adjacent lands.

(f) **MOTORIZED VEHICLE USE** - Lessee is authorized to use motorized vehicles only as necessary to conduct its grazing or agricultural operation, and in a manner which minimizes damage to the state lands.

(g) **CANCELLATION** - If it be determined by the Lessor that this lease has been procured by fraud, deceit or misrepresentation, or if the premises or any part thereof be used for unlawful, unauthorized, or illegal purposes, or if the Lessee fails to perform or violates any of the terms of this lease, the Lessor shall have power and authority to cancel this lease.

(h) **SURRENDER OF PREMISES UPON TERMINATION OF LEASE** - The Lessee shall, upon termination of this lease, surrender and deliver unto the Lessor the peaceful and uninterrupted possession of the premises.

(i) **TIME AND SPECIFIC PERFORMANCE** are each of the essence of this lease, and all agreements and conditions herein contained shall extend to be binding alike upon the heirs, administrators, successors and assigns of the parties hereto.

(j) **RELIANCE** - The Lessor has expressly relied on the representations made by the Lessee in the written application to lease the premises.

(k) **EXCHANGE** - The lease is granted upon the express condition that should the Lessor hereafter find it to be in the best interest of the Lessor to exchange the lands embraced in this lease for other lands, as provided by law, then this lease may be terminated upon giving the Lessee one (1) year notice, unless by mutual consent of the Lessor and the Lessee, an earlier date of termination may be fixed.

(l) **BUY-OUT BY LESSOR** - The Lessor shall have the right to purchase back from the Lessee all the rights and interests granted to the Lessee by this lease for any portion of the premises at any time by paying to the Lessee the fair market value of those rights and interests for the remaining term of the lease.

(7) **GENERAL PROVISIONS**

(a) **NOTICES** - All notices arising out of, or from, the provisions of this lease shall be in writing and given to the parties at the address provided under this lease, either by regular mail, or delivery in person.

(b) **EFFECT OF CHANGE IN LAW** - The rights and responsibilities of the Lessee under this lease which are granted or imposed by the Statutes of the State of Wyoming or rules and regulations of the Board of Land Commissioners, are subject to change during the term of this lease as a result of the adoption, amendment, or repeal of statutes or rules.

(c) **COMPLIANCE WITH LAWS** - The Lessee shall keep informed of and comply with all applicable federal, state and local laws and regulations in the performance of this lease.

(d) **APPLICABLE LAW/VENUE** - The construction, interpretation and enforcement of this lease shall be governed by the laws of the State of Wyoming. The Courts of the State of Wyoming shall have jurisdiction over this lease and the parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

(e) **ENTIRETY OF LEASE** - This lease contains the entire contract between the parties and supersedes all prior negotiations, representations, leases or other contracts, either written or oral. This lease cannot be changed except by a written instrument subsequently executed by the parties or included in the body of the lease and signed by the parties.

(f) **INDEMNITY** - The Lessee shall release, indemnify, and hold harmless the State, the Lessor, and their officers, agents, employees, successors and assignees from any cause of action, or claims or demands arising out of this lease.

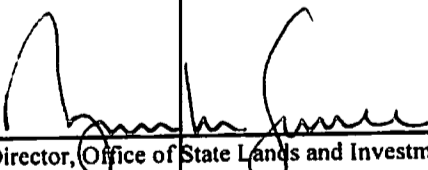
(g) **SOVEREIGN IMMUNITY** - The State of Wyoming and the Lessor do not waive sovereign immunity by entering into this lease, and specifically retain immunity and all defenses available to them as sovereigns pursuant to W.S. 1-39-104(a) and all other state law.

(h) **WAIVERS** - The failure of Lessor to insist on a strict performance of any of the terms and conditions hereof shall not be deemed a waiver of the rights or remedies that Lessor may have regarding that specific term or condition.

(i) **EXTENUATING CIRCUMSTANCES** - In the event circumstances arise for whatever reason which create the impossibility of continuing the lease, it may be canceled by either party upon written notice. Neither party shall be liable for failure to perform under this lease if the failure is based upon the extenuating circumstances. Lessor reserves the right to determine whether circumstances create an impossibility. A partial refund of the annual payment may be made on a case-by-case basis.

(8) **SIGNATURES** - IN WITNESS THEREOF, the parties to this lease through their duly authorized representative have executed this lease on the dates set out below, and certify that they have read, understand, and agree to the terms and conditions of this lease.

LESSOR: THE STATE OF WYOMING
BOARD OF LAND COMMISSIONERS

BY: 
Director, Office of State Lands and Investments

Date: APR 26 2012

LESSEE: 
Padlock Ranch Company

Date: 4-24-12