

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
Of the 23rd Navajo Nation Council---Third Year 2017

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; APPROVING A TRIBAL RANCH LEASE BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK, L.L.C., FOR THE BIG BOQUILLAS RANCH AND A SUBLEASE AGREEMENT BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK, L.L.C. FOR THE STATE OF ARIZONA GRAZING LEASE NO. 05-132

BE IT ENACTED:

Section One. Authority

A. Pursuant to 2 N.N.C. § 501 (B) (2) (a), the Resources and Development Committee of the Navajo Nation Council is authorized to give final approval of all non-mineral leases on the Navajo Nation lands, including unrestricted (fee) land in accordance with applicable federal and Navajo Nation laws;

B. Pursuant to 3 N.N.C. § 504, "There is established a Navajo Nation Ranch Program within the Department of Agriculture, Division of Natural Resources. Except as otherwise stated herein, the Resources [and Development] Committee of the Navajo Nation Council is empowered to exercise oversight of activities related to the utilization of the Navajo Nation Ranches. Utilization of Navajo Nation Ranches or unobligated lands shall not be deemed an entitlement program."

Section Two. Findings

A. Pursuant to 3 N.N.C. § 505, "The Navajo Nation Ranch Program shall exist to fulfill the following purposes: A. Provide for productive and optimum use of lands under the direct control of the Navajo Nation designated as Ranch lands. B. To ensure that sufficient revenues are realized to pay taxes, land use fees, and cost of administration. C. To carry out select purposes for land acquisition, pursuant to 16 N.N.C. § 1 et seq."

B. Pursuant to 3 N.N.C. § 506 (B), "[t]he President of the Navajo Nation, with the advice and assistance of the Navajo Nation Ranch Program, Department of Agriculture, through the Executive Director, Division of Natural Resources and the Resources [and Development] Committee, shall select eligible Navajo stock owners for the purposes of leasing Navajo Nation Ranches, in accordance with the criteria established in § 511 of this Plan of Operation."

C. Pursuant to 3 N.N.C. § 506 (C), "The Resources [and Development] Committee is authorized to establish use fees for Navajo Nation Ranch Lands and to adjust these fees as may be necessary to achieve a reasonable economic value for the use of these lands and to accomplish the purposes for which the land was acquired, as stated in the preceding Section. These fees may be adjusted annually for such reasons as unforeseen natural disasters and shall be adjusted at least every five years, based on the recommendation of the Navajo Nation Ranch Program, Department of Agriculture through the Executive Director, Division of Natural Resources."

D. Pursuant to 3 N.N.C. § 513 (A) "A. Lands which are not adequate to comprise an economic ranch unit, or for which there are no qualified applicants, may be determined to be "unobligated lands" by action of the Resources [and Development] Committee, based upon the recommendation of the Navajo Nation Ranch Program, Department of Agriculture through the Executive Director, Division of Natural Resources.

E. The Navajo Tribal Ranch Program determined that there were no qualified Navajo applicants for the Big Boquillas Ranch, therefore, the Navajo Tribal Ranch Program determined that the Big Boquillas Ranch qualified as "unobligated lands." The Navajo Tribal Ranch Program then determined to recommend Cholla Livestock, L.L.C. for the Big Boquillas Ranch Lease.

F. The Navajo Nation has Grazing Lease No. 05-132 with the State of Arizona containing approximately 238,034.380 acres, more or less, of State of Arizona land.

G. The Tribal Ranch Program has selected Cholla Livestock, L.L.C. to lease the Big Boquillas Ranch and to sublease of the State of Arizona Grazing Lease No. 05-132. The Lease is attached as Exhibit A and the Sublease is attached as Exhibit B.

Section Three. Approval

A. The Navajo Nation hereby approves a Tribal Ranch Lease between the Navajo Nation and Cholla Livestock, L.L.C., for the Big Boquillas Ranch, attached hereto as Exhibit A.

B. The Navajo Nation hereby approves a Sublease between the Navajo Nation and Cholla Livestock, L.L.C., for the State of Arizona Grazing Lease No. 05-132, attached hereto as Exhibit B.

C. The Navajo Nation hereby authorizes the President of the Navajo Nation to execute any and all documents necessary to effectuate the intent and purpose of this resolution.

CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at Navajo Department of Transportation, (Navajo Nation) Tse Bonito, New Mexico, at which quorum was present and that same was passed by a vote of 3 in favor, 0 opposed, 1 abstained this 3rd day of January 2017.



**Alton Joe Shepherd, Chairperson
Resources and Development Committee
Of the 23rd Navajo Nation Council**

Motion: Honorable Davis Filfred
Second: Honorable Benjamin Bennett

LEGISLATIVE SUMMARY SHEET

Tracking No. 0428-16

DATE: December 27, 2016

TITLE OF RESOLUTION: PROPOSED STANDING COMMITTEE RESOLUTION; AN ACTION RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; APPROVING A TRIBAL RANCH LEASE BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK, L.L.C., FOR THE BIG BOQUILLAS RANCH AND A SUBLEASE AGREEMENT BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK, L.L.C. FOR THE STATE OF ARIZONA GRAZING LEASE NO. 056-132

PURPOSE: The purpose of the resolution is to approve a Tribal Ranch Lease for Cholla Livestock, L.L.C. for the Big Boquillas Ranch and to approve a sublease to the Cholla Livestock, L.L.C. for the State of Arizona Grazing Lease NO. 0560132.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

5-DAY BILL HOLD PERIOD: 1 day
Website Posting Time/Date: 5:50pm 12/21/17
Posting End Date: 1/2/2017
Eligible for Action: 1/3/2017

PROPOSED STANDING COMMITTEE RESOLUTION
23rd NAVAJO NATION COUNCIL – Second Year, 2016

INTRODUCED BY



(Primary Sponsor)

TRACKING NO. 0428-16

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; APPROVING
A TRIBAL RANCH LEASE BETWEEN THE NAVAJO NATION AND CHOLLA
LIVESTOCK, L.L.C., FOR THE BIG BOQUILLAS RANCH AND A SUBLEASE
AGREEMENT BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK,
L.L.C. FOR THE STATE OF ARIZONA GRAZING LEASE NO. 056-132

BE IT ENACTED:

Section One. Authority

- A. Pursuant to 2 N.N.C. § 501 (B)(2)(a), the Resources and Development Committee of the Navajo Nation Council is authorized to give final approval of all non-mineral leases on the Navajo Nation lands, including unrestricted (fee) land in accordance with applicable federal and Navajo Nation laws;
- B. Pursuant to 3 N.N.C. § 504, "There is established a Navajo Nation Ranch Program within the Department of Agriculture, Division of Natural Resources. Except as otherwise stated herein, the Resources [and Development] Committee of the Navajo Nation Council is empowered to exercise oversight of activities related to the utilization of the Navajo Nation Ranches. Utilization of Navajo Nation Ranches or unobligated lands shall not be deemed an entitlement program."

Section Two. Findings

- 1 A. Pursuant to 3 N.N.C. § 505, "The Navajo Nation Ranch Program shall exist to
2 fulfill the following purposes: A. Provide for productive and optimum use of
3 lands under the direct control of the Navajo Nation designated as Ranch lands.
4 B. To ensure that sufficient revenues are realized to pay taxes, land use fees,
5 and cost of administration. C. To carry out select purposes for land
6 acquisition, pursuant to 16 N.N.C. § 1 *et seq.*"
- 7 B. Pursuant to 3 N.N.C. § 506 (B), "[t]he President of the Navajo Nation, with
8 the advice and assistance of the Navajo Nation Ranch Program, Department of
9 Agriculture, through the Executive Director, Division of Natural Resources
10 and the Resources [and Development] Committee, shall select eligible Navajo
11 stock owners for the purposes of leasing Navajo Nation Ranches, in
12 accordance with the criteria established in § 511 of this Plan of Operation."
- 13 C. Pursuant to 3 N.N.C. § 506 (C), "The Resources [and Development]
14 Committee is authorized to establish use fees for Navajo Nation Ranch Lands
15 and to adjust these fees as may be necessary to achieve a reasonable economic
16 value for the use of these lands and to accomplish the purposes for which the
17 land was acquired, as stated in the preceding Section. These fees may be
18 adjusted annually for such reasons as unforeseen natural disasters and shall be
19 adjusted at least every five years, based on the recommendation of the Navajo
20 Nation Ranch Program, Department of Agriculture through the Executive
21 Director, Division of Natural Resources."
- 22 D. Pursuant to 3 N.N.C. § 513 (A) "A. Lands which are not adequate to comprise
23 an economic ranch unit, or for which there are no qualified applicants, may be
24 determined to be "unobligated lands" by action of the Resources [and
25 Development] Committee, based upon the recommendation of the Navajo
26 Nation Ranch Program, Department of Agriculture through the Executive
27 Director, Division of Natural Resources.
- 28 E. The Navajo Tribal Ranch Program determined that there were no qualified
29 Navajo applicants for the Big Boquillas Ranch, therefore, the Navajo Tribal
30 Ranch Program determined that the Big Boquillas Ranch qualified as

1 “unobligated lands.” The Navajo Tribal Ranch Program then determined to
2 recommend Cholla Livestock, L.L.C. for the Big Boquillas Ranch Lease.

3 F. The Navajo Nation has Grazing Lease No. 05-132 with the State of Arizona
4 containing approximately 238,034.380 acres, more or less, of State of Arizona
5 land.

6 G. The Tribal Ranch Program has selected Cholla Livestock, L.L.C. to lease the
7 Big Boquillas Ranch and to sublease of the State of Arizona Grazing Lease
8 No. 056-132. The Lease is attached as Exhibit A and the Sublease is attached
9 as Exhibit B.

10 **Section Three. Approval**

11 A. The Navajo Nation hereby approves a Tribal Ranch Lease between the Navajo
12 Nation and Cholla Livestock, L.L.C., for the Big Boquillas Ranch, attached
13 hereto as Exhibit A.

14 B. The Navajo Nation hereby approves a Sublease between the Navajo Nation
15 and Cholla Livestock, L.L.C., for the State of Arizona Grazing Lease No. 056-
16 132, attached hereto as Exhibit B.

17 C. The Navajo Nation hereby authorizes the President of the Navajo Nation to
18 execute any and all documents necessary to effectuate the intent and purpose
19 of this resolution.

EXECUTIVE OFFICIAL REVIEWTitle of Document: BigBoquillasLse.Agrmt.1.07.17 Contact Name: FERDINAND NOTAHProgram/Division: DIVISION OF NATURAL RESOURCESEmail: ferdinandnotah@navajo-nsn.gov Phone Number: 928 871-6605☐ **Business Site Lease** Sufficient Insufficient

- | | | | |
|---|-------------|---|---|
| 1. Division: _____ | Date: _____ | □ | □ |
| 2. Office of the Controller: _____ | Date: _____ | □ | □ |
| (only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review) | | | |
| 3. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**

- | | | | |
|--|-------------|---|---|
| 1. Division: _____ | Date: _____ | □ | □ |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**

- | | | | |
|---|-------------|---|---|
| 1. Office of Management and Budget: _____ | Date: _____ | □ | □ |
| 2. Office of the Controller: _____ | Date: _____ | □ | □ |
| 3. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Navajo Housing Authority Request for Release of Funds**

- | | | | |
|--|-------------|---|---|
| 1. NNEPA: _____ | Date: _____ | □ | □ |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Lease Purchase Agreements**

- | | | | |
|--|-------------|---|---|
| 1. Office of the Controller: _____ | Date: _____ | □ | □ |
| (recommendation only) | | | |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Grant Applications**

- | | | | |
|---|-------------|---|---|
| 1. Office of Management and Budget: _____ | Date: _____ | □ | □ |
| 2. Office of the Controller: _____ | Date: _____ | □ | □ |
| 3. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**

- | | | | |
|--|-------------|---|---|
| 1. Division: _____ | Date: _____ | □ | □ |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Relinquishment of Navajo Membership**

- | | | | |
|--|-------------|---|---|
| 1. Land Department: _____ | Date: _____ | □ | □ |
| 2. Elections: _____ | Date: _____ | □ | □ |
| 3. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Land Withdrawal or Relinquishment for Commercial Purposes**

Sufficient Insufficient

1. Division: _____ Date: _____ ☐ ☐
2. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Land Withdrawals for Non-Commercial Purposes, General Land Leases and Resource Leases**

1. NLD _____ Date: _____ ☐ ☐
2. F&W _____ Date: _____ ☐ ☐
3. HPD _____ Date: _____ ☐ ☐
4. Minerals _____ Date: _____ ☐ ☐
5. NNEPA _____ Date: _____ ☐ ☐
6. DNR _____ Date: _____ ☐ ☐
7. DOJ _____ Date: _____ ☐ ☐

☐ **Rights of Way**

1. NLD _____ Date: _____ ☐ ☐
2. F&W _____ Date: _____ ☐ ☐
3. HPD _____ Date: _____ ☐ ☐
4. Minerals _____ Date: _____ ☐ ☐
5. NNEPA _____ Date: _____ ☐ ☐
6. Office of the Attorney General: _____ Date: _____ ☐ ☐
7. OPVP _____ Date: _____ ☐ ☐

☐ **Oil and Gas Prospecting Permits, Drilling and Exploration Permits, Mining Permit, Mining Lease**

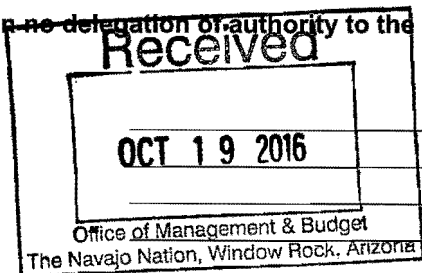
1. Minerals _____ Date: _____ ☐ ☐
2. OPVP _____ Date: _____ ☐ ☐
3. NLD _____ Date: _____ ☐ ☐

☐ **Assignment of Mineral Lease**

1. Minerals _____ Date: _____ ☐ ☐
2. DNR _____ Date: _____ ☐ ☐
3. DOJ _____ Date: _____ ☐ ☐

☐ **ROW (where there has been no delegation of authority to the Navajo Land Department to grant the Nation's consent to a ROW)**

1. NLD _____ Date: _____ ☐ ☐
2. F&W _____ Date: _____ ☐ ☐
3. HPD _____ Date: _____ ☐ ☐
4. Minerals _____ Date: _____ ☐ ☐
5. NNEPA _____ Date: _____ ☐ ☐
6. DNR _____ Date: _____ ☐ ☐
7. DOJ _____ Date: _____ ☐ ☐
8. OPVP _____ Date: _____ ☐ ☐



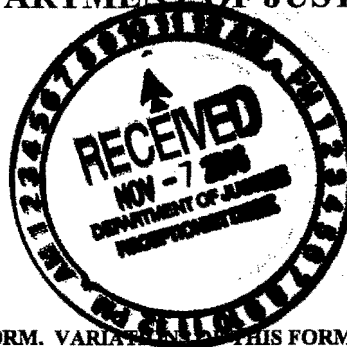
☒ **OTHER: Tribal Ranch Lease (Big B)**

1. Division _____ Date: 10/12/2016 ☒ ☐
2. OMB _____ Date: 10-20-16 ☒ ☐
3. ODC ✓ 10/19/16 _____ Date: 10-18-2016 ☒ ☐
4. DOJ _____ Date: 11-18-16 ☒ ☐
5. OPVP _____ Date: 11-20-16 ☒ ☐



NAVAJO NATION DEPARTMENT OF JUSTICE

DOCUMENT REVIEW REQUEST FORM



DOJ	
11/07/16	10:18am
DATE / TIME	
<input type="checkbox"/> 7 Day Deadline	
DOC #:	006867
SAS #:	
UNIT:	NRU

☒ RESUBMITTAL
10/21/16

*** FOR NNDOJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. ***

CLIENT TO COMPLETE

DATE OF REQUEST: 11/7/16	ENTITY/DIVISION: DNR
CONTACT NAME: ROBERT O. KILIAN	DEPARTMENT: Admin.
PHONE NUMBER: 6592/3/7699	E-MAIL: roboallan@yahoo.com
TITLE OF DOCUMENT: Big Boguillas Grazing Lease and Sub-lease Resubmission	

DOJ SECRETARY TO COMPLETE

DATE/TIME IN UNIT: 11.7.16 10:41 am	REVIEWING ATTORNEY/ADVOCATE: Ed McCoil 11.17.16
DATE/TIME OUT OF UNIT: 11.8.16 @ 10:45-78	

DOJ ATTORNEY / ADVOCATE COMMENTS

Legally Sufficient

REVIEWED BY: (PRINT)	DATE / TIME	SURNAMED BY: (PRINT)	DATE / TIME
Ed McCoil	11/7/16/12	Vernica Bluekheat	11/8/16 9:50 AM

DOJ Secretary Called: Eloise W. for Document Pick Up on 11.8.16 at 10:10 By: [Signature]

PICKED UP BY: (PRINT)	DATE / TIME:
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COMPLETED



THE NAVAJO NATION

RUSSELL BEGAYE PRESIDENT
JONATHAN NEZ VICE PRESIDENT

MEMORANDUM:

TO : SAS Reviewers

FROM : Ferdinand Notah
Ferdinand Notah, Project/Program Specialist
Tribal Ranches Program/Department of Agriculture

THROUGH : [Signature]
Leo Watchman, Jr., Department Manager III
Department of Agriculture

DATE : October 11, 2016

SUBJECT : SAS Document No. 006867, Big Boquillas Lease Agreement and Sublease Agreement

Attached are 1) the Big Boquillas Lease Agreement, and 2) Sublease Agreement with Cholla Livestock, LLC for 164 Review signatures, Resources and Development Committee approval and the President's signature.

The Lease Agreement is for a 5-year lease beginning January 1, 2017 and ending December 31, 2022.

The Sublease Agreement is for Arizona state lands leased by the Navajo Nation for grazing on the Big Boquillas ranch. The term corresponds with the term of the primary Lease Agreement.

Please contact us at (928) 871-6605 if you need additional information. Thank you for your assistance.



LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease Agreement") dated as of the ___ day of ____, 2016, made by and between THE NAVAJO NATION ("Lessor") and CHOLLA LIVESTOCK LIMITED LIABILITY COMPANY, an Arizona limited liability company ("Lessee"). Lessor's authority for entering into this Lease Agreement is set forth in 2 N.N.C. § 501 (B) (2) (Resolution CJA-03-13; 2013), 3 N.N.C. § 513 (2009 Supp.), 16 N.N.C. § 602 (1995), and 25 U.S.C.A. § 635 (b) (Westlaw 2016); the foregoing authorities shall also include any amendments thereto relative to leases of Navajo Nation fee lands.

1. FUNDAMENTAL TERMS AND ATTACHMENTS.

a) Fundamental Terms. The following is a summary schedule of certain fundamental terms of this Lease Agreement.

(i) Lessor: The Navajo Nation
Address: Department of Agriculture
P. O. Box 9000
Window Rock, Arizona 86515

(ii) Lessee: Cholla Livestock Limited Liability Company
Address: Attn: Mr. Harvey C. Dietrich
5150 N.16th Street, Suite A-116
Phoenix, AZ 85016

(iii) Effective Date: The effective date of this agreement shall begin on January 1, 2017, and end on December 31, 2022.

(iv) Rent: Six Hundred Forty-Five Thousand Dollars (\$645,000.00) per Lease Year; Lessee shall be responsible for the payment of all grazing fees to the State of Arizona, excluding any sub-lease surcharge. The rent will increase each year for that Lease year to match the dollar for dollar amount to the extent that the Big Bo LLC's net profit, after all operating expenses and taxes are paid, exceeds \$95,000 in net profit from the revenue of Big Bo LLC. By way of example, this means that if in lease year 2017 the net profit after all operating expenses and taxes are paid revenue of the Big Bo LLC is \$105,000, the rent for the lease year shall be \$655,000 ($\$105,000 - \$95,000 = \$10,000 + \$645,000 = \$655,000$). However, in the event that no Game and Fish Cooperative Stewardship Agreement and/or Game and Fish Agreement for the Leased Property's Habitat Improvement is in effect, then, the rent will increase for that Lease year to match dollar for dollar but only to the extent that the Big Bo, LLC net profit, after all operating expenses and taxes are paid,

exceeds \$165,000 in net profit from the revenue of Big Bo LLC. Lessee shall be allowed to credit the amount of \$75,000.00 toward the payment of rent each Lease Year for the expenses incurred by Lessee for its ranch maintenance, repair, and replacement expenses and obligations.

- (v) Term: Five (5) Lease Years. Provided, however, that Lessor and Lessee may commence a program of transition to actual possession, control, and operation of the Big Boquillas Ranch from Lessee to Lessor. No later than the end of the 4th Lease year, Lessor shall deliver written notice to Lessee that it elects to take control and possession of the property at the end of the 5th year of the Lease. If Lessor fails to timely deliver to Lessee an election in writing that it exercises its right to a transition to take over the ranch property, then, Lessee retains its rights, including the right to extend the Lease as provided within this Lease.
- (vi) Extension: Lessee shall have an option to extend the Lease for an additional period of five (5) years. Said option shall be exercised in writing by Lessee eight (8) months prior to expiration of the primary Term of this Lease Agreement, assuming that Lessor did not previously elect in writing to initiate transition into acquiring the Ranch operation. Lessee shall exercise this Lease Extension Option by written notice timely delivered to Lessor.
- (vii) Lease Year: Shall be defined as that twelve (12) month period during the Term or any Extension commencing on the Commencement Date or the anniversary thereof, as may be applicable.

b) Exhibits. The following exhibits are attached hereto and, by this reference, incorporated herein:

Exhibit A - Legal Description of the Property

Exhibit B - Form of Sublease Agreement

2. DESCRIPTION OF PROPERTY. In consideration of the mutual covenants contained herein, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor that certain real property, composed of 491,432 acres of fee land and 238,035 acres of state grazing land, more or less, commonly known as the "Big Boquillas Ranch" located in Coconino, Mohave and Yavapai Counties, State of Arizona, and more particularly described in Exhibit A attached hereto and made a part hereof by this reference (the "Land"), together with (i) all buildings and improvements located on the Land (including, without limitation, all water wells, pumping plants, related storage facilities, pipelines and other appurtenances thereto (collectively, the "Water Wells")); and (ii) all rights, easements and

appurtenances belonging or appertaining to the Land or improvements thereon (the property and rights described in (i) and (ii) are collectively called the "Property").

- a. Notwithstanding the foregoing, Lessor expressly reserves for itself, and its successors and assigns, the right to prospect for, drill for, produce, mine, extract, remove, process, refine and store oil, gas, sand and gravel, and/or other minerals of whatever kind and character in, on, or under the Land, together with the right to conduct seismic and other exploratory work in connection therewith, as well as to construct, install, operate, maintain and/or remove whatever facilities are reasonably related to the aforementioned activities. Furthermore, Lessor shall have the right to develop parcels of the Property in Lessor's sole and absolute discretion (the foregoing shall be deemed to include, but not be limited to, the development of a commercial hunting enterprise and/or the development of a housing subdivision, or renewable energy projects). Notwithstanding the foregoing, in the event that any of the activities listed in the preceding sentences (or any Event of Force Majeure [as hereinafter defined]) shall prevent Lessee from economically utilizing the Property and the State Lands as a cattle ranch, Lessee shall have the right to terminate this Lease Agreement, thereby wholly discharging Lessee from all obligations hereunder, other than those liabilities and obligations for which survival is expressly provided for hereunder.

3. STATE LANDS. Lessor and Lessee shall execute concurrently herewith a Sublease Agreement in the form attached hereto as Exhibit B (the "Sublease Agreement") whereby Lessor will sublease to Lessee the approximately 238,035 acres of real property (the "State Lands") that Lessor leases from the State of Arizona pursuant to that certain Grazing Lease with the State of Arizona, dated May 10, 1995, (Grazing Lease No. 05-132) and/or any extensions or renewed Agreements thereof. Lessor and Lessee hereby acknowledge that pursuant to certain contractual agreements with Lessor and Lessor's predecessors in interest, Lessee has been in legal possession of the Property and the State Lands since 1984. Lessor is endeavoring to renew the State Grazing Lease as soon as possible; the Lease expired on February 29, 2016. However, Lessor submitted the required Notice to renew the aforementioned Grazing Lease to the Arizona State Land Department, along with the payment of renewal fees, as required by Arizona State regulations on or about January 1, 2016. The State of Arizona has not yet notified Lessor that the State Grazing Lease has been renewed. Pursuant to Arizona Administrative Code § R12-5-508 (A.A.C. R12-5-508, AZ ADC R12-5-508) (Westlaw 2016), Lessor is "... authorized to occupy and use said land pending action on [Lessor's] application for renewal. . . ." *Id. (edits and italics supplied)*. Furthermore, pursuant to A.R.S. § 37-291.A. (Westlaw 2016), "[u]pon application to the state land department not less than thirty days . . . before the expiration of a lease of state lands, the lessee . . . shall have a preferred right to renewal, bearing even date with the expiration of the old lease . . . " *Id. (edits supplied)*. At the time of this Lease Agreement, Lessor has a preferred right of renewal and is authorized to occupy and use the State grazing lands. Lessor represents and agrees it will use its best efforts to renew the State Grazing Lease effective during the term of this Lease and Sublease the same to Lessee, which Sublease Agreement is

attached hereto as Exhibit "B". If the State Lease is not renewed, then, Lessee shall have the right to cancel this Lease Agreement. Lessee shall be responsible for the payment of all State Grazing Lease fees and rent, excluding any sub-lease surcharge.

4. TERM. The Term shall commence on January 1, 2017 (the "Commencement Date"), and shall expire on December 31, 2022; provided, however, Lessee may earlier terminate this Lease Agreement subject to and in accordance with the provisions of this section. To exercise such early termination right, Lessee must deliver written notice to Lessor of Lessee's election to terminate this Lease Agreement on or before the date that is twelve (12) months prior to the date of early termination. As used hereunder, the term "Term" means the initial term of this Lease Agreement, as specified in the Fundamental Terms above and, if applicable, any exercised extension period then in effect. Provided, however, Lessor may desire to implement a program to begin assumption of such actual possession, control, and operation of the Big Boquillas Ranch one (1) year in advance of the conclusion of the Term of this Lease. In this regard, Lessee shall cooperate with Lessor in implementing a program that will transition such actual possession, control, and operation of the Ranch at the end of the fifth (5th) year of the Term. In the event Lessor decides not to proceed with a program to assume actual possession, control, and operation of the Property, Lessee shall receive an extension of this Lease agreement for an additional period of five (5) years at the conclusion of the Term upon the same terms and conditions as the initial term. Such extension may be exercised at the option of the Lessee provided that Lessee is in good standing at the conclusion of the Term and provides Lessor timely notice of its desire for such extension eight (8) months in advance of the expiration of the Term of this Lease agreement.

5. EXTENSIONS. Provided Lessee is not then in material, uncured default hereunder and has provided Lessor with written notice that Lessee desires an extension of the Lease eight (8) months in advance of the end of the Term of the Lease, the Term of this Lease Agreement may be extended for one (1) additional period of five (5) years commencing at midnight on the date on which the Term expires (the "Extension"). The Extension will be on the same terms, covenants, and conditions as in this Lease Agreement.

6. RENT. From and after the Commencement Date, during the Term, Lessee agrees to pay Rent to Lessor in the annual amount set forth in Section I (a) (iv). Lessee shall pay the Rent to Lessor in equal quarterly installments.

7. SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT. This Lease Agreement, all rights of Lessee in this Lease Agreement, and all interest or estate of Lessee in the Property, is subject and subordinate to any existing or future Mortgage (as hereinafter defined). The automatic subordination to any future Mortgage provided for in this Section is expressly conditioned upon the Mortgage holder's agreement that as long as Lessee is not in material, uncured default under this Lease Agreement, the holder of the Mortgage will not disturb Lessee's rights of possession under this Lease Agreement. Lessee will, upon request, execute and deliver to Lessor any instruments, releases, or

other documents reasonably required to confirm the self-effectuating subordination of this Lease Agreement as provided in this Section to any Mortgagee. Notwithstanding the foregoing, the lien of any existing or future Mortgage will not cover Lessee's personal property located on the Land. For purposes hereof, the term "Mortgage" means any mortgage, deed of trust, security interest or other security document of like nature that at any time may encumber all or any part of the Property and any replacements, renewals, amendments, modifications, extensions or refinancings thereof, and each advance (including future advances) made under any such instrument.

8. REAL ESTATE TAXES. Lessor shall timely pay directly to the applicable taxing authority any and all real estate taxes and assessments lawfully imposed on the Property ("Real Estate Taxes") during the Term.

9. INSURANCE.

- a. Public Liability Insurance. At all times during the Term, Lessee shall carry a public liability insurance policy in the amount of \$500,000.00 for personal injury, death or property damage to one person and \$1,000,000.00 per occurrence. Said policy shall be obtained from a reliable insurance company licensed to do business in the State of Arizona and shall be written jointly to protect Lessee and Lessor, shall provide notification to Lessor prior to any cancellation or nonrenewal of said policy for any reason, including non-payment of premiums. A copy of said policy shall be delivered to Lessor promptly after request therefor.
- b. Fire and Damage Insurance. At all times during the Term, Lessee shall carry fire and casualty insurance with extended coverage endorsements covering not less than the full replacement value of all improvements located on the Property and the State Lands. Said policy shall be obtained from a reliable insurance company licensed to do business in the State of Arizona and shall be written jointly to protect Lessee and Lessor, shall provide notification to Lessor prior to any cancellation or non-renewal of said policy for any reason, including non-payment of premiums. A copy of said policy shall be delivered to Lessor promptly after request therefor.

10. LESSOR'S TITLE AND QUIET ENJOYMENT. Lessor represents and warrants to Lessee that Lessor is seized in fee simple title to the Property. Lessor covenants that so long as Lessee fulfills the conditions and covenants required of it to be performed, Lessee will have peaceful and quiet possession of the Property; provided, however, the foregoing shall not be construed as a representation as to water, grazing, pasture conditions, or carrying capacity of the Property and the State Lands. Lessor further represents and warrants that it has good right, full power and lawful authority to enter into this Lease Agreement for the Term and any extension thereof. However, the Lessor reserves the right, upon reasonable notice to Lessee, to allow other valid business entities to enter the leasehold premises to explore, investigate, survey, or make assessments or evaluations.

concerning commercial uses of the Property. Written notice shall be provided to Lessee prior to entry onto the premises by Navajo Nation Licensees. Notice shall consist of a letter of authorization together with verbal confirmation by Lessor. Provided further, that Lessor shall have the absolute right to develop parcels of the Property in Lessor's sole and absolute discretion for any commercial purpose. To the extent such a development reduces Lessee's useable land, then in that event, there would be a pro-rata rent reduction for Lessee.

In the event that Lessor desires to develop the Property inconsistent with a cattle ranching operation, notice of such adverse disposition of the land shall be delivered to Lessee as provided in this lease. Lessor shall unilaterally abate the size and legal description of the Property consistent with notice of adverse disposition of land use; then, Lessee shall receive a reduction in the amount of rent due in proportion to the reduction in land use. The adjustment of rent shall be effective on the effective date of the amendment of the lease. Notwithstanding the foregoing, in the event that the aforementioned activities prevents Lessee from economically utilizing the Property and the State Lands as a cattle ranch, Lessee shall have the right to terminate this Lease Agreement, thereby wholly discharging Lessee from all obligations hereunder, other than those liabilities and obligations for which survival is expressly provided for hereunder.

11. PROPERTY LEASED "AS-IS". Lessee has examined and knows the condition of the Property and the State Lands and the improvements thereon and accepts the same AS-IS. Other than as expressly provided herein, Lessor has made no representations (including, without limitation, any representations as to water, grazing, pasture conditions, or carrying capacity of the Property and the State Lands) prior to or at the time of execution of this Lease Agreement. Lessee hereby represents that it has not relied on any representations or warranties of Lessor, but instead, has relied solely on Lessee's independent investigation and judgment.

12. USE AND MAINTENANCE. This Lease Agreement grants to Lessee the right to use the Property and the State Lands for grazing and ranching-related purposes only and shall not be construed as conveying any other interest in the Property or the State Lands. Furthermore, with respect to use and maintenance of the Property and the State Lands, Lessor and Lessee hereby agree as follows:

- (a) Lessee agrees to use the Property and the State Lands only for grazing and purposes associated with grazing and to do so in a manner consistent with the best practices and standards customary for the prudent operation of a ranch of like character in northern Arizona.
- (b) Lessee agrees that not more than 10,000 Cow Units shall be permitted on the Property and the State Lands at any one time. As used herein, a "Cow Unit" shall be defined as:
 - (i) one cow with one suckling calf, together with one replacement heifer for every five cows, together with one bull for every twelve cows, or
 - (ii) one and one-quarter two year old heifers, together with one bull for every twelve two-year old heifers (i.e., one two-year old heifer, together with the applicable ration of bulls equals 80% of a

Cow Unit), or (iii) two and one-half stocker cattle (i.e., one stocker equals 40% of a Cow Unit).

- (c) Lessor and Lessee agree that Lessor shall be responsible for any necessary repairs to the below-ground portion of the Water Wells and Lessee shall be responsible for any necessary repairs to the above-ground portion of the Water Wells. Additionally, Lessee agrees to pay all bills for electrical power (or alternative energy source) used in the operation of the Water Wells. In the event that a Water Well becomes inoperative, insufficient or unavailable for Lessee's use, during such period of insufficiency or unavailability Lessor shall credit Lessee with a pro-rata reduction in Rent based upon the reduced carrying capacity of the Property and/or the State Lands resulting from such insufficiency or unavailability of water-
- (d) In the event that Lessee makes any replacement and/or reconstruction of an Approved Capital Item (as hereinafter defined) necessary for the continued operation of the Property and/or the State Lands as a cattle ranch, Lessee shall pay for such replacement/reconstruction cost; provided, however, Lessee shall be entitled to a reduction in the rent to the extent of this replacement/reconstruction cost. This credit for rent paid shall not exceed the amount of \$60,000 in any single rent year. Notwithstanding the foregoing, Lessee shall first obtain the prior consent of Lessor, which consent shall not be unreasonably withheld; provided further, however, that Lessee shall have the right to commence the replacement/reconstruction of an Approved Capital Item without first obtaining Lessor's prior consent at any time that Lessee reasonably believes such replacement/reconstruction of an Approved Capital Item is immediately necessary for the continued safe and economical operation of the Property and/or the State Lands as a cattle ranch. For purposes of this Section 12(d), the term "Approved Capital Item" shall mean and refer to a long-term asset having a useful life of three years or more.

13. MECHANIC'S LIENS. Lessee shall keep the Property free and clear of all mechanics liens and other liens on account of work done for Lessee or persons claiming under it. Lessee agrees to and shall indemnify, defend with counsel reasonably acceptable to Lessor, and hold Lessor harmless against liability, loss, damages, costs, and all other expenses, including reasonable attorneys' fees, on account of such claims of lien. Lessee shall promptly upon such lien being filed, pay the same or procure a bond pursuant to A.R.S. §33-1004 so as to cause the lien to be removed from the Property to the extent that such statute, as such statute may be amended, restated, or replaced, so provides for such removal.

14. LESSOR ASSIGNMENT. Lessor shall have the right to transfer, assign, and convey, in whole or in part, any or all of the right, title, and interest in the Property and the State Lands, provided such transferee, assignee or grantee shall be bound by the terms, covenants and agreements herein contained, and shall expressly assume and agree to perform the covenants and agreements of Lessor herein contained. In the event of any such assignment and assumption of this Lease Agreement, Lessor will attorn to the transferee of or successor to Lessor's interest in this Lease Agreement and recognize such transferee or successor as lessor under this Lease Agreement.

15. LESSEE ASSIGNMENT AND SUBLETTING. Without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed, Lessee shall not make or allow any assignment or transfer, by operation of law or otherwise, of any part of Lessee's interest in this Lease Agreement. Notwithstanding the foregoing, it shall not be reasonable for Lessor to withhold its consent under this Section 15 so long as the proposed assignee has the requisite experience and financial capability to operate the Property and the State Lands as a cattle ranch. Lessor shall either approve, or state with reasonable specificity its reasons for disapproval, of any proposed assignment or transfer within forty-five (45) days following receipt by Lessor of notice from Lessee that Lessee desires to assign or transfer its interest in the Lease Agreement; Lessor's failure to so respond within such forty-five (45) day period shall constitute Lessor's approval of the proposed assignee or transferee.

16. LESSEE'S DEFAULT. Should Lessee (i) default in any payment of monies required to be paid by Lessee hereunder, (ii) fail to perform any material covenant provided for hereunder, (iii) fail to post bond as required hereunder, or (iv) be adjudicated as a debtor under any insolvency or bankruptcy act, and if any such failure(s) shall continue uncured for thirty (30) days following written notice thereof by Lessor to Lessee (during which thirty (30) day period Lessee shall have the right to cure such failure), then, in that event, Lessor may, by Written notice to Lessee at any time on or before the doing of any act or the commencement of any proceedings, elect to either:

- (a) Collect, by suit or otherwise, all monies due and payable hereunder, or enforce, by suit or otherwise, Lessee's compliance with any other applicable provision of this Lease Agreement; or
- (b) Re-enter the Property and remove all persons and property therefrom, excluding the property belonging to any authorized sublessees or personal property of Lessee, and either (i) re-let the Property without terminating this Lease Agreement, as the agent for, and for the account of, Lessee, but without prejudice to Lessor's right to subsequently terminate the Lease Agreement. Terms and conditions of any such reletting shall be at the reasonable discretion of Lessor and rents from any such reletting shall be applied first to Lessor's reasonable expenses incurred in connection with the re-letting (including, by way of example, reasonable brokerage commissions, reasonable alterations and repairs, and reasonable attorneys' fees), and thereafter, toward the payment of all amounts due to Lessor; provided, however, Lessee shall remain liable for the equivalent of the amount of all Rent reserved herein less the receipts of re-letting, if any, and such amount shall be due and payable to Lessor as damages or Rent, as the case may be, on the successive days Rent is otherwise due under this Lease Agreement, and Lessor may recover such amount periodically on such successive days; or (ii) terminate this Lease Agreement at any time and even though Lessor has previously exercised its rights as outlined in clause (i) above; provided, however, Lessor's election to exercise the remedy provided for in

this clause (ii) shall exclude Lessor's recourse to any other remedy available at law or in equity.

Except as expressly set forth in this Lease Agreement, no waiver of a breach of any of the covenants contained in this Lease Agreement shall be construed to be a waiver of any succeeding breach of the same (or any other) covenant, nor shall any assent or indulgence, express or implied, to any breach of any of the covenants contained in this Lease Agreement be deemed a waiver of any succeeding breach of the same (or any other) covenant.

Notwithstanding anything to the contrary contained in this Lease Agreement, with respect to any remedy exercised by Lessor in the event of a Lessee breach hereunder, Lessor shall have an affirmative obligation to mitigate its damages. If Lessor shall elect to terminate this Lease Agreement, all rights and obligations of Lessee relating to the unexpired portion of this Lease Agreement shall cease.

17. LESSOR'S DEFAULT. If Lessor is in default in performing any of the terms or provisions of this Lease Agreement and Lessor fails to cure such default within thirty (30) days after receipt of written notice from Lessee stating the nature and extent of the default, Lessee shall have the rights and remedies hereinafter set forth, which shall be distinct, separate, and cumulative:

- (a) Lessee may cure the default, including, but not limited to, the making of any reasonable repairs or replacements to the Property and/or the State Lands and Lessor shall reimburse Lessee, within ninety (90) days after receipt of an invoice from Lessor therefor, for all of Lessee's reasonable costs and expenses incurred by Lessee in performing any of the Lessor's obligations hereunder. Notwithstanding the foregoing cure period, Lessee may cure any default, without notice to Lessor, where the failure to promptly cure such default would, in the reasonable opinion of Lessee, create or allow to persist an emergency condition or materially adversely affect the operation of Lessee's business.
- (b) Lessee shall have the right to set-off any amounts due Lessor from Lessee under this Lease Agreement for any actual expenses or damages incurred by Lessee in performing any of the Lessor's obligations hereunder against Rent and/or any other payment by Lessee due or to become due hereunder. Notwithstanding anything to the contrary provided herein, pending final determination of the validity and amount of any claim of Lessee under any provisions of this Lease Agreement, Lessee may, provided it acts reasonably and in good faith, without penalty or default, set-off the amount claimed by Lessee against Rent and/or any other payment by the Lessee due or to become due hereunder.

18. EMINENT DOMAIN. If at any time during the Term the Property (or any part thereof) is taken or condemned under the laws of eminent domain, then, in that event, the

leasehold estate of Lessee in said Property (or relevant portion thereof) shall forthwith cease and terminate. Any and all compensation awarded by reason of the taking of such Property (or relevant portion thereof), or injury to any buildings or improvements located thereon, shall be awarded to Lessor and Lessee as their interests therein appear at the time of such taking. The Rent payable by Lessee to Lessor following any such taking shall be reduced in proportion to the reduced carrying capacity of the Property resulting from such taking.

19. NOTICES. All notices, demands, requests, or other communications to or upon either party provided for in this Lease Agreement, or given or made in connection with this Lease Agreement, shall be in writing and shall be addressed as follows:

To or Upon Lessor:

Attn: Executive Director Natural Resources Division
The Navajo Nation
P.O. Box 9000
Window Rock, Navajo Nation, Arizona 86515
Telephone: (928) 871-6592
Facsimile: (928) 871-7040

With A Copy To:

Attn: Department Manager
The Navajo Nation Department of Agriculture Division of Natural Resources
P.O. Box 4889
Window Rock, Navajo Nation, Arizona 86515
Telephone: (928) 871-6605
Facsimile: (928) 871-6679

To or Upon Lessee:

Attn: Mr. Harvey Dietrich
Cholla Livestock Limited Liability Company
5150 N. 16th Street, Suite A-116
Phoenix, AZ 85016
Telephone: (602) 220-9820
Facsimile: (602) 275-6183

All notices shall be given by personal delivery, by registered or certified mail (postage prepaid), by facsimile transmission or by telegram. Notices given in conformity with the terms hereof shall be effective and shall be deemed delivered when received. Lessor and Lessee may at any time during the Term change its address by providing notice to the other party in conformity with the terms hereof.

20. HAZARDOUS SUBSTANCES

(a) Lessor's Representations and Warranties. Lessor represents and warrants to Lessee that:

- (i) Lessor acknowledges that all activities with respect to hazardous substances are subject to the regulations as applied under, and as defined by Environmental Law, including the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§ 6901 *et seq.*, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 *et seq.*, or other applicable federal laws or regulations (collectively, "Hazardous Substances") and those of the State of Arizona and its subdivisions as applicable.
- (ii) Lessor has not received and is not aware of any notification from any federal, state, county or city agency or authority relating to Hazardous Substances, in, on, under, or adjacent to the Property or the State Lands.

(b) Lessee's Representations and Warranties. Lessee represents and warrants to Lessor that Lessee shall not cause any Hazardous Substances to be used, stored, generated, released, or disposed of on or in the Property or the State Lands in violation of Environmental Law without first obtaining the written consent of Lessor.

21. FORCE MAJEURE. If either party hereto is delayed or interrupted in or prevented from the performance of such party's obligations hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, inclement weather, governmental laws or regulations, casualty, orders or directives of any legislative, administrative, or judicial body or any governmental department, inability to obtain any governmental licenses, permissions or authorities (despite commercially reasonable pursuit of such licenses, permissions, or authorities) (all or any of the foregoing being an "Event of Force Majeure"), such party shall not be liable to the other party therefor, and the time for the performance of such party's obligations shall be extended for a period equal to the duration of the contingency that occasioned the delay, interruption, or prevention.

22. INSPECTION AND RIGHT OF ENTRY. Lessor and its authorized representatives may at all reasonable times and upon reasonable notice to Lessee enter the Property and/or the State Lands to: (i) inspect the Property and or the State Lands; (ii) show the Property and/or the State Lands to prospective purchasers and mortgagees and, during the last nine months of the Term, prospective Lessees; (iii) post notices of non-responsibility or other protective notices available under applicable law; or (iv) exercise and perform Lessor's rights and obligations under this Lease Agreement, including, without limitation, all those activities listed in Section 2(a). Lessor may, in the event of any emergency, enter the Property and/or the State Lands without notice to Lessee. All of the foregoing activities shall be undertaken by Lessor at its sole cost and expense.

23. HOLDING OVER. Holding over by Lessee following the expiration or earlier termination of this Lease Agreement shall not constitute a renewal or extension, nor shall such holding ever grant to Lessee any additional rights not otherwise granted to Lessee pursuant to the terms and conditions of this Lease Agreement, except as otherwise provided by applicable law.

24. SURRENDER OF PROPERTY AND STATE LANDS. Lessee will peaceably surrender the Property and the State Lands to Lessor at the expiration or earlier termination of this Lease Agreement in substantially the same order, condition, and repair as delivered to Lessee, reasonable wear and tear excepted. Lessor and Lessee acknowledge that the purpose of this Lease Agreement is to provide Lessee with the ability to utilize the Property and the State Lands as a cattle ranch. Accordingly, notwithstanding any other provision of this Lease Agreement to the contrary, in the event that Lessee is for any reason required to vacate the Property and/or the State Lands (including, without limitation, due to a Lessee breach hereunder), Lessee shall have no less than twelve (12) months thereafter to remove Lessee's livestock from the Property and the State Lands (during which twelve month period Lessee shall proceed with all due diligence in connection therewith), and further provided, in no event shall Lessee be required to remove Lessee's livestock from the Property and/or the State Lands during any time of the year other than the fall of the year (September 1 through December 31); Lessor and Lessee each acknowledging that the removal of Lessee's livestock during any time of the year other than the fall of the year (September 1 through December 31) will not be feasible as it would result in tremendous and unconscionable harm to Lessee's livestock.

Furthermore, in the event that Lessee is for any reason required to vacate the Property and/or the State Lands (including, without limitation, due to a Lessee breach hereunder), upon removal of eighty percent (80%) of Lessee's livestock from the Property and the State Lands, and provided Lessee proceeds with all due diligence to remove the remainder of Lessee's livestock from the Property and the State Lands, Lessee shall no longer be obligated to pay Rent to Lessor; provided further, that Lessee shall in any event have removed all of Lessee's livestock from the Property and the State Lands no later than eighteen (18) months from the date that Lessee receives notice from Lessor that Lessee is required to vacate the Property and the State Lands.

25. APPLICABLE LAW. This Lease Agreement shall be construed in accordance with applicable Federal laws, and, to the extent not in conflict therewith, in accordance with the internal laws of the State of Arizona; provided, however that the foregoing shall in no event subject Lessor to the jurisdiction of the state courts of the State of Arizona.

26. LIMITED WAIVER OF SOVEREIGN IMMUNITY FOR PURPOSES OF AN ARBITRATION DECISION. For the limited purpose of an arbitration decision under this Agreement, and subject to the terms of paragraphs 26, 27, 28, and 29, Lessor consents and agrees to a limited waiver of its sovereign immunity from suit and consents to be sued on an

arbitration award within the limits of existing Navajo Nation law. The Navajo Nation, Lessor, represents that this limited waiver of sovereign immunity has been duly approved by the Navajo Nation's Tribal Council, as authorized by the Arbitration and Sovereign Immunity Acts of the Navajo Nation. The Navajo Nation, Lessor, is not waiving its right to assert the defense of sovereign immunity except as expressly set forth, referred to, and provided for, in this Agreement. The Parties agree that this section provides a limited waiver of sovereign immunity solely for the purpose of enforcing an arbitration decision rendered under this Agreement and for no other purpose.

27. **DISPUTE RESOLUTION.** In the event of a dispute, claim or controversy ("Dispute") arising out of or related to this Agreement, the Parties agree that it is in their mutual best interest to meet as promptly as possible for the purpose of informally resolving said Dispute. In the event the Parties cannot resolve their Dispute informally after attempting to work in good faith, the Parties hereto agree to abide by arbitration as set forth below and that an order compelling arbitration or a judgment enforcing the arbitration award shall be the only relief of any kind provided by the State or Tribal court.

28. **ARBITRATION.** If a party in good faith concludes that a Dispute arising out of or related to this Agreement is not likely to be resolved by informal dispute resolution then, upon notice by that Party to the other, said Dispute shall be finally and exclusively settled by submission of such Dispute to the American Arbitration Association ("AAA") under its then prevailing procedural rules contained in the AAA's Commercial Arbitration Rules to the extent that such rules shall not be interpreted to diminish, limit, or void any limited waiver of sovereign immunity set forth in this Agreement or to increase the enforcement rights of the Parties. Within ten (10) days after the notice of intent to arbitrate, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within ten (10) days of their appointment. The third arbitrator shall be a practicing attorney, actively engaged in the practice of law for at least ten (10) years and a member in good standing of the bar of the State of Arizona. Alternatively, the third arbitrator may be a retired judge of the federal court or the trial court of the State of Arizona. At least one of the arbitrators shall be knowledgeable with federal Indian law and one arbitrator shall have AAA-acknowledged expertise in the appropriate subject matter. By agreement of the parties, when the amount in controversy renders the cost of three arbitrators unreasonable, the parties may agree to select a single arbitrator to resolve a dispute. All arbitration proceedings shall be held in Maricopa County, or at such other place as shall be agreed by the Parties.

29. **AWARD.** The award shall be made within sixty (60) days of the filing of the notice of intent to arbitrate, and the arbitrators shall agree to comply with the schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the majority of the Parties or by the majority of the arbitrators, if necessary. Any award rendered in any such arbitration proceeding shall be final and binding upon all Parties to the proceeding. Any action to enforce the arbitration award must be filed within one hundred and eighty (180) days from the issuance of the award.

30. ENFORCEMENT. Judgement upon any award rendered by the arbitrators against the Nation may be entered in the Nation's tribal court system ("Tribal Court") or against the Lessee in the Arizona State Court System ("Court System") and interpreted and/or enforced pursuant to the terms of this Agreement, and/or pursuant to the terms of the AAA's Commercial Arbitration Rules, and/or pursuant to the terms and provisions of the statutes, rules and regulations governing or providing for interpretation or enforcement of judgments applicable in any State of Arizona or Navajo Nation court.

31. MISCELLANEOUS.

- (a) Any and all discussions and negotiations between Lessor and Lessee have been merged into this Lease Agreement. No rights are conferred upon either party until each party has executed this Lease Agreement. No representations or agreements by either of the parties (or their agents) made during negotiations occurring prior to the execution of this Lease Agreement, which representations are not contained in this Lease Agreement, shall be binding or enforceable upon either of the parties.
- (b) All terms and words used in this Lease Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Lease Agreement or any portion of this Lease Agreement may require, the same as if such words had been fully and properly written in the number and gender.
- (c) This Lease Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed original, but such counterparts together shall constitute but one and the same instrument.
- (d) Whenever Lessee may deduct costs from the Rent pursuant to any Section of this Lease Agreement, such Rent may be deducted from the next accruing rental payment(s) due.
- (e) Lessor and Lessee are not and shall not be considered joint ventures' nor partners and neither shall have power to bind or obligate the other except as set forth in this Lease Agreement.
- (f) Any legal proceedings initiated by reason of an alleged default of this Lease Agreement by Lessee must be commenced within one (1) year from the date Lessor received notice of such alleged default.
- (g) If any provision of this Lease Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement, or the application of such term or provision to persons whose circumstances are other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

- (h) No modification, alteration, or amendment of this Lease Agreement shall be binding unless in writing and executed by both parties hereto.
- (i) The headings to the Sections of this Lease Agreement are inserted only as a matter of convenience and for reference, and in no way confine, limit, or proscribe the scope or intent of any Section of this Lease Agreement, nor in any way affect this Lease Agreement.
- (j) This Lease Agreement shall be binding upon and inure to the benefit of the parties, any sublessees, and their heirs, administrators, executors, successors and assigns.
- (k) Time is of the essence in this Lease Agreement and each provision; provided, however, if the final (but not any interim) date of any period set forth herein falls on a Saturday, Sunday, or legal holiday under the laws of the United States of America, the final date of such period shall be extended to the next business day.
- (l) Nothing in this Lease Agreement shall be construed as a waiver of the sovereign immunity by the Navajo Nation, nor shall anything in this Lease Agreement be construed in a manner that would subject Lessee to the jurisdiction of a Navajo Nation Tribal Court.
- (m) It is necessary that both Lessor and Lessee shall be actively involved in and must approve of any and all future Landowner Relations Program cooperative Stewardship Negotiations, discussions, and Agreements for the Leased Properties' Habitat Improvement and other related matters with the Arizona Game and Fish Department and/or the State of Arizona. Lessor and Lessee shall in writing notify one another sufficiently in advance of all intended discussions, negotiations, and proposed agreements, which Lessor and Lessee must in writing approve.
- (n) Lessor and Lessee agree to arbitration for all unresolved disputes that may arise pursuant to this Lease. Such arbitration shall be governed by Paragraphs 26, 27, 28, 29, and 30 above.

[Signatures Appear On Following Page]

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Agreement to be executed as of the date first set forth above.

LESSOR:

THE NAVAJO NATION

By: _____
Russell Begaye, President

LESSEE:

CHOLLA LIVESTOCK LIMITED LIABILITY
COMPANY, an Arizona Limited Liability Company

By: _____
Harvey Dietrich, Managing Partner

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Agreement to be executed as of the date first set forth above.

LESSOR:

THE NAVAJO NATION

By: _____
Russell Begaye, President

LESSEE:

 10-18-2016

CHOLLA LIVESTOCK LIMITED LIABILITY
COMPANY, an Arizona Limited Liability Company

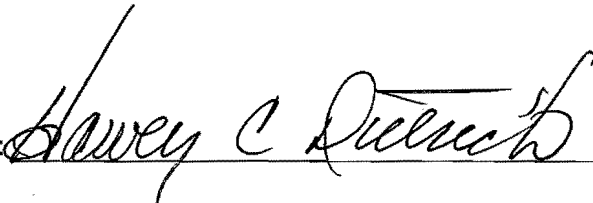
By:  _____
Harvey Dietrich, Managing Partner

Exhibit "A"

**BIG BOQUILLAS RANCH
FEE OWNERSHIP**

Township	Range	Section	Description	Approximate Acres
T22N	R5W	1	All	640.38
		3	All north of R.R.	630.32
		5	All north of R.R.	330.18
		6	North 3 ¼ acres of W/2W/2 of Lot 2; Portion. Lots 3, 4 north of R.R.;	
			S/2 NE/4 north of R.R.	77.88
		11	All north of R.R.	339.73
T23N	R5W	13	All north of R.R.	24.00
		1	All	640.00
		3	All	640.00
		4	N/2 N/2	160.00
		5	All	640.00
		7	All	633.40
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	633.44
		21	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		29	All	640.00
T23N	R6W	31	All	608.81
		33	All	623.83
		35	All	634.73
		1	All	639.52
		3	All	639.20
		5	All	574.74
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	Lots 1, 2; E/2; E/2 NW/4	447.96
		21	All	640.00
		23	All	640.00
		24	SE/4 NW/4	40.00
		25	All	640.00
		26	SW/4 SE/4	40.00
		27	All	640.00
		29	All expecting 200' R.R ROW	569.52
		33	All north of R.R.	200.00
		34	That portion lying NE of the A.T. & S. F Station grounds	388.23
T23N	R7W	1	All	729.13
		3	All	642.16
		4	All north of R.R	626.76

		5	All north and east of R.R	287.11
		9	All north and east of R.R.	88.74
		10	All north of R.R., N/2; N/2 S/2; S/2 SE/4	499.00
		11	All	640.00
		13	All	730.88
		14	All north of R.R., NE/4; N/2 NW/4; SE/4 NW/4; E/2 SE/4; NW/4 SE/4	365.80
		15	All north and east of R.R.	5.68
		23	All north of R.R.	25.77
		24	All north of R.R	712.28
		25	All north of R.R	509.00
T24N	R5W	1	All	726.56
		3	All	729.12
		4	All	729.00
		5	All	730.72
		6	All	716.70
		7	All	628.12
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	630.44
		19	All	631.24
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	W/2	320.00
		27	All	640.00
		29	All	640.00
		31	All	632.36
		33	All	640.00
		34	S/2; NE/4; S/2 NW/4	560.00
		35	All	640.00
T24N	R6W	1	All	704.00
		3	All	698.88
		5	All	622.65
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	Lots 1, 2, 3, 4; E/2; E/2W/2	572.44
		21	All	640.00
		23	All	640.00

		25	All	640.00
		27	All	640.00
		29	All	573.32
		33	All	640.00
		35	All	640.00
T24N	R7W	1	All	659.04
		3	All	584.48
		5	All	584.56
		7	All	640.00
		9	All	640.00
		11	All	640.00
		13	All	722.60
		15	All	640.00
		17	All	640.00
		19	All	640.00
		21	All	640.00
		23	All	640.00
		25	All	725.00
		27	All	640.00
		29	All	640.00
		31	All north of R.R.	490.76
		33	All	640.00
		35	All	640.00
T24N	R8W	1	All	584.48
		3	All	585.52
		5	All	586.72
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	SE/4 SE/4 north of R.R.	75.00
		21	All north and east of R.R.	241.54
		23	All	640.00
		25	All north of R.R.	610.91
		27	All north of R.R.	14.91
T25N	R4W	1	All	640.20
		3	All	640.40
		5	All	640.68
		7	All	639.00
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	639.24
		21	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		28	SE/4 SW/4; SW/4 SE/4	80.00
		29	All	640.00
		31	All	639.80

T25N	R5W	33	All	640.00
		35	All	640.00
		36	NW/4	160.00
		1	Lots 1, 2, 3, 4, 5, 6, 7; SW/4 NE/4; S/2 NW/4; W/2 SE/4; SW/4	574.65
		3	Lots 1, 2, 3, 4; S/2; S/2 N/2	600.32
		4	Lots 1, 2, 3, 4; S/2; S/2 N/2	600.48
		5	Lots 1, 2, 3, 4; S/2; S/2 N/2	600.32
		6	Lots 1, 2, 3, 4; S/2; S/2 N/2	597.88
		7	All	640.00
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	Lots 1, 2, 3, 4; W/2; W/2 E/2	616.47
		13	Lots 1, 2, 3, 4; W/2; W/2 E/2	626.41
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	640.00
		19	All	640.00
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	Lots 1, 2, 3, 4; W/2; W/2 E/2	632.84
		25	Lots 1, 2, 3, 4; W/2; W/2 E/2	632.36
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	640.00
		31	All	640.00
		33	All	640.00
		35	All	640.00
T25N	R6W	1	All	639.40
		3	All	638.28
		4	All	638.12
		5	All	637.64
		6	All	640.04
		7	All	641.04
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	640.88
		19	All	641.20
		20	All	640.00
		21	All	640.00

		22	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	641.36
		31	All	640.64
		33	All	640.00
		35	All	640.00
T25N	R7W	1	All	640.00
		3	All	640.40
		5	All	640.08
		7	All	637.92
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	638.80
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		29	All	640.00
		31	All	639.80
		33	All	640.00
		34	All	640.00
		35	All	640.00
T25N	R8W	1	All	640.00
		3	All	640.68
		5	All	640.28
		7	All	636.12
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	638.08
		21	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		29	All	640.00
		31	All north of U. S. Hwy 66	564.10
		33	All	640.00

T25N	R9W	35	All	640.00
		1	Lots 1, 2, 3, 4; S/2; S/2 N/2	639.92
		3	Lots 1, 2, 3, 4; SE/4; SE/4 SW/4	337.76
		4	Lot 1	4.48
		8	Lot 1	28.92
		9	Lots 1, 2, 3, 4; SE/4; S/2 SW/4; SE/4 NE/4	437.66
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	Lots 1, 2, 3; E/2 NE/4; SW/4 NE/4; NE/4 SW/4; SE/4; S/2 SW/4	520.54
		18	Lots 1, 2	75.05
		19	All north of Hwy 66, except that portion, if any, lying within Hualapai Indian Reservation	47.25
		21	All north of U. S. Hwy 66	469.75
		23	All	640.00
T26N	R3W	5	All west of Rimrock	140.00
		6	All west of Rimrock	696.08
		7	All west of Rimrock	556.56
T26N	R4W	1	All	640.00
		3	All	640.00
		4	All	640.00
		5	All	640.00
		6	Lots 1, 2, 3, 4; E/2; E/2 W/2	606.48
		7	Lots 1, 2, 3, 4; E/2; E/2 W/2	608.20
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All west of Rimrock	520.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	Lots 1, 2, 3, 4; E/2; E/2 W/2	609.64
		19	Lots 1, 2, 3, 4; E/2; E/2 W/2	610.24
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All west of Rimrock	560.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	Lots 1, 2, 3, 4; E/2; E/2 W/2	611.92
		31	Lots 1, 2, 3, 4, 5, 6, 7; NE/4; N/2 SE/4; E/2 NW/4; NE/4 SW/4	612.43
		33	Lots 1, 2, 3, 4; N/2; N/2 S/2	634.36

T26N	R5W	34	Lots 1, 2, 3, 4; N/2; N/2 S/2	640.15
		35	Lots 1, 2, 3, 4; N/2; N/2 S/2	639.24
		1	All	639.64
		3	All	638.12
		4	All	636.72
		5	All	636.40
		6	All	605.93
		7	All	610.28
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	610.92
		19	All	612.12
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	613.12
		31	All	612.92
		33	All	640.00
		34	All	640.00
		35	All	640.00
T26N	R6W	1	All	639.60
		3	All	639.84
		4	All	639.92
		5	All	640.00
		6	All	638.20
		7	All	638.48
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	638.76
		19	All	639.64
		20	All	640.00

		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	640.56
		31	All	641.12
		33	All	640.00
		35	All	640.00
T26N	R7W	1	All	640.16
		3	All	639.84
		4	All	639.28
		5	All	639.12
		6	All	640.53
		7	All	638.68
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	640.04
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	640.80
		31	All	641.64
		33	All	640.00
		34	All	640.00
		35	All	640.00
T26N	R8W	1	Lots 1, 2, 3, 4; S/2; S/2 N/2	622.66
		9	Lots 1	4.82
		10	Lot 1, 2, 3, 4; SE/4; SE/4 SW/4	339.84
		11	Lot 1; E/2 SW/4; E/2 NW/4; SW/4 NW/4	639.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00

		17	Lot 1	29.11
		19	Lot 1, 2, 3	74.81
		20	Lots 1, 2, 3; NE/4 NE/4; S/2 NE/4; SE/4; NE/4 SW/4; S/2 SW/4	519.47
		21	All	640.00
		22	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	Lots 1, 2, 3, 4; E/2; E/2 SW/4; SE/4 NW/4	576.98
		31	Lots 1, 2, 3, 4; E/2; E/2 W/2	634.88
		33	All	640.00
		34	All	640.00
		35	All	640.00
T26N	R9W	25	Lots 1, 2, 3; SE/4 SE/4	144.43
		35	Lots 1, 2, 3; S/2 SE/4; NE/4 SE/4	233.60
T27N	R3W	28	W/2 SW/4; W/2 W/2 NW/4	120.00
		29	All	640.00
		30	Lots 1, 2, 3, 4; E/2; E/2 W/2	645.52
		31	Lots 1, 2, 3, 4; E/2; E/2 W/2	646.28
T27N	R4W	1	All	640.00
		4	All	640.00
		7	Lots 1, 2, 3, 4, 5, 6, 7; S/2 NE/4; SE/4 NW/4; SE/4; E/2 SW/4	543.34
		8	Lots 1, 2, 3, 4; S/2; S/2 N/2	552.56
		9	Lots 1, 2, 3, 4; S/2; S/2 N/2	552.92
		10	Lots 1, 2, 3, 4; S/2; S/2 N/2	553.52
		11	Lots 1, 2, 3, 4; S/2; S/2 N/2	553.52
		12	Lots 1, 2, 3, 4; S/2; S/2 N/2	554.68
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	Lots 1, 2, 3, 4; E/2; E/2 W/2	630.20
		19	Lots 1, 2, 3, 4; E/2; E/2 W/2	631.68
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	Lots 1, 2, 3, 4; E/2; E/2 W/2	633.04
		31	Lots 1, 2, 3, 4; E/2; E/2 W/2	633.60
		33	All	640.00
		34	All	640.00

T27N	R5W	35	All	640.00
		1	All	556.08
		3	All	558.76
		4	All	560.72
		5	All	561.44
		7	All	511.08
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	512.48
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	512.76
		31	All	513.24
		33	All	640.00
		34	All	640.00
		35	All	640.00
T27N	R6W	1	All	639.72
		3	All	639.92
		4	All	640.24
		5	All	640.16
		6	Lots 1, 2, 3, 4, 5, 6; S/2 NE/4; SE/4 NW/4; SE/4; E/2 SW/4	585.23
		7	All	636.08
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	W/2	320.00
		13	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	637.68
		21	All	640.00
		22	All	640.00
		23	All	640.00
		25	All	640.00
		26	All	640.00

		27	All	640.00
		28	All	640.00
		29	All	640.00
		31	All	637.92
		33	All	640.00
		34	All	640.00
		35	All	640.00
T27N	R7W	1	Lots 1, 2, 3; SE/4 SE/4	157.03
		11	Lots 1, 2, 3, 4; E/2 SE/4; SW/4 SE/4	246.79
		13	All	640.00
		15	Lots 1, 2, 3, 4; SE/4; SE/4 SW/4	350.27
		20	Lot 1	32.99
		21	Lot 1, 2, 3, 4; SE/4 NE/4; SE/4; S/2 SW/4	448.45
		23	All	640.00
		25	All	640.00
		27	All	640.00
		29	Lots 1, 2, 3; NE/4 NE/4; S/2 NE/4; SE/4; E/2 SW/4; SW/4 SW/4	526.70
		30	Lots 1, 2	79.33
		31	Lots 1,2, 3, 4; E/2; SE/4 NW/4; E/2 SW/4	585.79
		33	All	640.00
		35	All	640.00
T28N	R4W	1	All	639.40
		3	All	638.36
		5	All	639.00
		7	All	615.20
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	614.56
		21	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		29	All	640.00
		31	All	614.12
		33	All	640.00
		35	All	640.00
T28N	R5W	1	All	658.60
		3	All	657.64
		5	All	656.52
		7	Lots 1, 2, 3, 4; E/2	507.20
		9	All	640.00
		11	All	640.00
		13	All	640.00
		15	All	640.00
		17	All	640.00

T28N	R6W	19	Lots 1, 2, 3, 4; E/2	508.52
		21	All	640.00
		23	All	640.00
		25	All	640.00
		27	All	640.00
		29	All	640.00
		31	Lots 1, 2, 3, 4; E/2	508.84
		33	All	640.00
		35	All	640.00
		1	Lots 1, 2, 3, 4, 5; SE/4	396.52
		13	Lot 1; NE/4; E/2 NW/4; SW/4 NW/4; S/2	628.12
		21	Lot 1	8.85
		23	Lot 1; NE/4; E/2 NW/4; SW/4 NW/4; S/2	639.96
		25	All	640.00
		27	All	640.00
		29	Lot	37.76
		31	Lots 1, 2; SE/4 SE/4	84.82
		33	All	640.00
		35	All	640.00
T29N	R3W	1	Lots 1, 2, 3, 4, 5; SE/4	396.52
		13	Lot 1; NE/4; E/2 NW/4; SW/4 NW/4; S/2	628.12
		21	Lot 1	8.85
		23	Lot 1; NE/4; E/2 NW/4; SW/4 NW/4; S/2	639.96
		25	All	640.00
		27	All	640.00
		29	Lot	37.76
		31	Lots 1, 2; SE/4 SE/4	84.82
		33	All	640.00
		35	All	640.00
		3	All	639.28
		4	All	640.04
		5	All	640.00
		6	All	634.44
		7	All	635.72
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	630.60
		19	All	637.24
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		26	All	640.00

		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	638.04
		31	All	639.20
		33	All	640.00
		34	All	640.00
		35	All	640.00
T29N	R4W	1	All	640.12
		3	All	639.88
		4	All	639.88
		5	All	640.24
		6	All	635.68
		7	All	636.08
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	636.80
		19	All	637.64
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	638.52
		31	All	639.48
		33	All	640.00
		34	All	640.00
		35	All	640.00
T29N	R5W	1	All	648.16
		3	All	647.16
		4	All	646.56
		5	All	644.12
		6	All	636.31
		7	All	636.28
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00

		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	637.80
		19	All	638.80
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	639.12
		31	All	639.64
		33	All	640.00
		34	All	640.00
		35	All	640.00
T29N	R6W	1	Lots 1, 2, 3, 4, 5; SE/4 NE/4; E/2 SE/4	282.98
		12	Lots 1, 2, 3, 4; E/2 E/2	283.60
		13	Lots 1, 2, 3, 4; E/2 E/2	284.08
		24	Lots 1, 2, 3, 4; E/2 E/2	284.48
		25	Lots 1, 2, 3, 4; E/2 E/2	284.48
T30N	R3W	6	All	632.32
		7	Lots 1, 2; E/2 NW/4; E/2	475.94
		17	All	640.00
		18	All	632.06
		19	All	633.28
		20	All	640.00
		21	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	635.28
		31	All	635.40
T30N	R4W	4	Lots 1, 2	80.04
		17	W/2	320.00
		31	All	634.64
		33	All	640.00
		34	All	640.00
		35	S/2 SE/4; SW/4	240.00
T30N	R5W	1	All	639.76
		3	All	638.92
		4	All	637.80
		5	All	637.84
		6	All	629.18
		7	All	630.88
		8	All	640.00
		9	All	640.00
		10	All	640.00

		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	631.60
		19	All	632.36
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	633.08
		31	All	633.76
		33	All	640.00
		34	All	640.00
		35	All	640.00
T30N	R6W	1	Lot 1, 2, 3, 4, 5; SE/4 NE/4; E/2 SE/4	278.06
		12	Lots 1, 2, 3, 4; E/2 E/2	278.92
		13	Lot 1, 2, 3, 4; E/2 E/2	279.68
		24	Lots 1, 2, 3, 4; E/2 E/2	281.16
		25	Lots 1, 2, 3, 4; E/2 E/2	282.40
T31N	R2W	31	All	625.12
T31N	R3W	4	All	640.00
		9	All	640.00
		17	S/2	320.00
		18	NE/4 SE/4, Lots 1, 2, 3, 4; E/2 W/2; S/2 SE/4; NW/4 SE/4	509.44
		19	All	630.72
		20	All	640.00
		21	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	630.40
		31	All	631.60
		33	All	640.00
		34	All	640.00
		35	All	640.00
T31N	R4W	1	All	640.00
		3	All	640.08
		4	All	640.88
		5	All	640.48

		6	All	629.68
		7	S/2 NE/4; N/2 SE/4, Lots 1, 2, 3, 4; E/2 W/2; N/2 NE/4; S/2 SE/4	632.00
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	NW/4; S/2	480.00
		13	NE/4	160.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	Lots 1, 2, 3, 4; E/2; E/2 W/2	632.40
		19	Lots 1, 2, 3, 4; E/2; E/2 W/2	631.52
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	Lots 1, 2, 3, 4; E/2; E/2 W/2	631.32
		33	S/2 SE/4	80.00
		35	S/2	320.00
T31N	R5W	1	All	641.44
		3	All	640.76
		4	All	640.16
		5	All	640.36
		6	All	622.54
		7	All	624.40
		8	All	640.00
		9	All	640.00
		10	All	640.00
		11	All	640.00
		12	All	640.00
		13	All	640.00
		14	All	640.00
		15	All	640.00
		17	All	640.00
		18	All	625.60
		19	All	626.96
		20	All	640.00
		21	All	640.00
		22	All	640.00
		23	All	640.00
		24	All	640.00
		25	All	640.00
		26	All	640.00
		27	All	640.00

		28	All	640.00
		29	All	640.00
		30	All	628.12
		31	All	629.00
		33	All	640.00
		34	All	640.00
		35	All	640.00
T31N	R6W	1	Lots 1, 2, 3, 4, 5; SE/4 NE/4; E/2 SE/4	275.98
		12	Lots 1, 2, 3, 4; E/2 E/2	275.56
		13	Lots 1, 2, 3, 4; E/2 E/2	276.12
		24	Lots 1, 2, 3, 4; E/2 E/2	277.12
		25	Lots 1, 2, 3, 4; E/2 E/2	277.32
T32N	R5W	13	All	640.00
		15	All	640.00
		17	All	640.00
		19	All	618.64
		20	All	640.00
		21	All	640.00
		22	S/2 N/2; S/2	480.00
		23	All	640.00
		24	All	640.00
		25	All	639.54
		26	All	640.00
		27	All	640.00
		28	All	640.00
		29	All	640.00
		30	All	619.32
		31	All	620.08
		33	All	640.00
		34	All	640.00
		35	All	640.00
T32N	R6W	13	Lots 1, 2; E/2 SE/4	136.60
		24	Lots 1, 2, 3, 4; E/2 E/2	273.84
		25	Lots 1, 2, 3, 4; E/2 E/2	275.16
			Lots 4, 5, 6 of Block 8, Lots 15, 16 of Block 2 and S/2 of Lots 5, 6 of Block 3. of J. A Lamport addition to Town of Seligman, Yavapai	90

EXCEPTING THERE FROM, those portions there of described as follows:

T22N	R5W	5	Those portions condemned by the State	4.70
T22N	R5W	6	of Arizona for highway purposes (Seligman Loop) as described in the Stipulation and Judgment recorded February 3, 1969 in Book 538 of Official Records of, at page 654, Records of Yavapai County, Arizona	7.30
T23N	R6W	35	That portion conveyed to the State of	

			Arizona for highway	15.70
T23N	R6W	35	Sale to County of Yavapai (Airport parcel)	58.64
T23N	R7W	10	That portion conveyed to the American Telephone and Telegraph Company by Grant Deed dated April 22, 1963	9.00
				<u>Grand Total = 491,432.16</u>

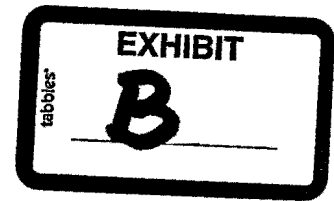


EXHIBIT B

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease Agreement") dated _____, 2016, is made by and between THE NAVAJO NATION (Sublessor") and CHOLLA LIVESTOCK LIMITED LIABILITY COMPANY, an Arizona Limited Liability Company ("Sublessee").

RECITALS

A. WHEREAS, pursuant to that certain Grazing Lease with the State of Arizona dated March 6, 2006 (Grazing Lease No. 05-132) a copy of which is attached hereto and made a part hereof as Schedule 1 (the "State Lands Lease"), the State of Arizona has leased to the Navajo Nation approximately 238,034.380 acres (2,968.30 Animal Units), more or less, of real property (the "State Lands"); and

B. WHEREAS, Sublessee desires to sublet the State Lands from Sublessor.

C. NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Sublessor hereby subleases the State Lands to Sublessee for a term ending December 31, 2022 (the "Term"); provided, however, Sublessee may earlier terminate this Sublease Agreement subject to and in accordance with the provisions of this Section. To exercise such early termination right, Sublessee must deliver written notice to Sublessor of Sublessee's election to terminate this Sublease Agreement on or before the date that is twelve (12) months prior to the date of early termination. As used hereunder, the term "Term" means the initial term of this Sublease Agreement, as set forth above and, if applicable, any exercised extension period then in effect.

2. Provided Sublessee is not then in material, and uncured default hereunder, the Term of this Sublease Agreement may be extended for one (1) additional period of five (5) years commencing at midnight on the date on which the Term expires (the "Extension"). Sublessee may exercise such right of extension by delivering written notice of Lessee's exercise at least ninety (90) days prior to the expiration of the Term, subject to the provisions of Paragraphs 1 and 4 of the master Lease Agreement between the Sublessor and Sublessee of even date.

3. Sublessee agrees to pay to the State of Arizona, prior to delinquency, all grazing fees (as calculated pursuant to Arizona Revised Statutes § 37-285.B.) which are due or may become due under the State Lands Lease during the Term or, if applicable, the Extension. Sublessor shall pay all surcharge fees for the State Grazing Lease and this Sublease Agreement. Sublessee and Sublessor shall cooperatively obtain any further approvals required from the State of Arizona for authorization of this Sublease Agreement, pursuant to A.R.S. § 37-281.E. (Westlaw 2016).

4. Sublessor and Sublessee acknowledge that the purpose of this Sublease is to provide Sublessee with the ability to utilize the State Lands as a cattle ranch. Accordingly, notwithstanding any other provision of this Sublease to the contrary, in the event that Sublessee is for any reason required to vacate the State Lands (including, without limitation, due to a Sublessee breach hereunder), Sublessee shall have no less than twelve (12) months from the date that Sublessee receives notice from Sublessor that Sublessee is required to vacate the State Lands to remove Sublessee's livestock from the State Lands

(during which twelve month period Sublessee shall proceed with all due diligence in connection therewith), and further provided, in no event shall Sublessee be required to remove Sublessee's livestock from the State Lands during any time of the year other than the fall of the year (September 1 through December 31); Sublessor and Sublessee each acknowledging that the removal of Sublessee's livestock during any time of the year other than the fall of the year (September 1 through December 31) will not be feasible as it would result in tremendous and unconscionable harm to Sublessee's livestock.

5. Sublessee agrees that it shall be bound by all the conditions and covenants of the State Lands Lease, and that it shall perform all the acts and duties required of the Lessee thereunder.

6. The Parties agree that this Sublease Agreement is a sublease, and all the terms and conditions of the State Lands Lease which in any way affect the rights of the parties hereto shall be binding upon the parties hereto the same as if set forth herein. Furthermore, Sublessee shall acquire no greater right or rights in or to the State Lands than Sublessor has at the time this Sublease Agreement is executed.

7. It is hereby covenanted and agreed to by the parties hereto that this Sublease Agreement is subject to all applicable provisions found in the various acts of the Legislature of the State of Arizona, and the Parties hereto agree that each Party will in all events comply with and be governed by the laws of the State of Arizona.

8. Without the prior written consent of Sublessor, which consent shall not be unreasonably withheld, conditioned or delayed, Sublessee shall not make or allow any assignment or transfer, by operation of law or otherwise, of any part of Sublessee's interest in this Sublease Agreement. Notwithstanding the foregoing, Sublessor shall not withhold its consent under this Section 8 so long as the proposed assignee has the requisite experience and financial capability to operate the State Lands as a cattle ranch.

9. This Sublease Agreement shall automatically terminate upon the termination, cancellation or expiration of that certain Lease Agreement executed concurrently herewith between Sublessor and Sublessee (in connection with certain adjacent real property owned by Sublessor).

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Sublessor and Sublessee have caused this Sublease Agreement to be executed this ____ day of _____, 2016.

SUBLESSOR:

THE NAVAJO NATION

By: _____

Name: _____

Its: _____

L. & S.
10-18-2016

SUBLESSEE:

CHOLLA LIVESTOCK LIMITED LIABILITY
COMPANY, an Arizona Limited Liability Company

By: *Cholla Livestock LLC*

Name: *Harvey C. Pittman*

Its: *Manager*

SCHEDULE 1

Grazing Lease No. 05-000132-00

[SEE ATTACHED]

Schedule 1

**STATE LAND DEPARTMENT
STATE OF ARIZONA**

GRAZING LEASE

Lease No. 05-132

**THIS GRAZING LEASE is entered into by and between the State of Arizona
"Lessor" by and through the Arizona State Land Department and**

THE NAVAJO NATION

**as "Lessee". In consideration of the payment of rent and of performance by the parties of
each of the provisions set forth herein, the parties agree as follows:**

**ARTICLE 1
SUBJECT LAND**

**1.1 Lessor hereby leases to Lessee for the term, at the rent, and in accordance
with the provisions set forth herein, the Subject Land described in Appendix A attached
hereto ("Subject Land") for the uses and purposes specified in Article 4.**

**1.2 Lessee makes use of Subject Land "as is" and Lessor makes no express or
implied warranties as to the physical condition of the Subject Land.**

**ARTICLE 2
TERM**

**2.1 The term of this Lease commences on March 1, 2006, and ends
on February 29, 2016, unless terminated earlier as provided in this Lease.**

**ARTICLE 3
RENT**

**3.1 Lessee shall pay rent to Lessor for the use and occupancy of the Subject
Land during the term of this Lease without offset or deduction and without notice or
demand, as established, on an annual basis.**

S1.1

3.2 The annual base rent shall be set by Lessor in the manner established by law and paid in advance each year.

3.3 Each billing year in advance, Lessee shall inform Lessor, on forms to be provided by Lessor, whether Lessee intends to make full use, partial use or total non-use of the maximum allowable animal-unit-months for the Subject Land, so that the correct amount of rent may be billed by the Lessor. Lessee shall inform Lessor in writing of any subsequent change in the number of animal-unit-months which Lessee intends to use. If Lessee fails to provide Lessor with this information within the time stated in the form provided by Lessor, Lessee shall pay full-use rent.

3.4 There shall be added to any rent payment, annual or otherwise, which has become due and has not been paid, a penalty in the amount of 5% of the payment due. Interest, at the then current rate set by the Treasurer under A.R.S. § 37-241(D)(3), shall be added to any rent and penalty from and after the date that the rent payment becomes due. Any delinquent rent, penalty and interest shall be a lien on Lessee's improvements and other property on the Subject Land.

3.5 Prior to the time a rent payment, annual or otherwise, is due, upon Lessee's written request, Lessor at its discretion may extend the time for payment for an additional period not to exceed 90 days. There shall be added to the rent a penalty of 5% of the rent payment due and interest on the rent and penalty at the then current rate set by the Treasurer under A.R.S. § 37-241(D)(3), or any successor statute. The amount of the rent, penalty and interest shall be a lien on the Lessee's improvements and other property on the Subject Land.

3.6 If the annual rent is at any time one calendar year in arrears, this Lease shall automatically terminate, without right of appeal by Lessee or any leasehold mortgagee, and Lessor shall proceed to cancel it on the records of the Department.

ARTICLE 4

USE OF SUBJECT LAND

4.1 The Subject Land is leased to the Lessee for the purposes of ranging livestock and for uses related thereto and no other use, except as approved in writing by Lessor after written application by Lessee.

4.2 Feedlot operations on the Subject Land are prohibited, but this shall not be construed to prevent the temporary or supplemental feeding of livestock.

ARTICLE 5
LIVESTOCK CARRYING CAPACITY

5.1 The livestock carrying capacity for the Subject Land shall be determined by the Lessor and may be adjusted from time to time, subject to the appeal rights of Lessee as provided by law. The appraised carrying capacity of the Subject Land shall not be exceeded during any billing year unless Lessee obtains the prior written permission of Lessor and agrees to pay the additional fees determined by Lessor.

ARTICLE 6
DUTY TO INFORM LESSOR OF TOTAL RANCH HOLDINGS

6.1 At the time of making application for the Lease, Lessee shall disclose to Lessor, on a form provided by Lessor, the total acreage used for grazing within the ranch unit or units of which the Subject Land is a part. This shall include, in addition to the Subject Land, any federal land which Lessee grazes pursuant to a written lease or permit any private land owned by or used by Lessee, with a designation as to which private lands are used pursuant to written agreement. In addition, Lessee shall show, on a map form supplied by or acceptable to Lessor: (1) the approximate location of all fence lines and man-made water sources and (2) the land ownership status (state, federal, or private) of the ranch unit or units of which the land covered by this Lease is a part.

6.2 In any determination as to whether the carrying capacity of the Subject Land has been exceeded, no claimed grazing use of private or federal lands within the ranch unit or units which have not been disclosed as part of the ranch unit or units shall be considered.

6.3 For purposes of determining whether the Lessee has remained within the authorized carrying capacity under this Lease, it shall be presumed that all land within a fenced pasture (whether state, federal or private) has been grazed to the same extent by livestock placed in that pasture unless Lessee or Lessor can, based upon range suitability and management practices, demonstrate to the contrary.

ARTICLE 7
RECORDS

7.1 Lessee shall keep records showing the numbers of Lessee's livestock of different classes on the ranch unit or units, the dates put on and removed and estimated death loss.

7.2 Such records shall be retained for a minimum period of three years.

7.3 The Lessor may, upon reasonable notice to the Lessee, require the production of the records described in Paragraph 7.1 above. In the event a dispute arises concerning the numbers of cattle grazed, the Lessee shall keep all documents and records until the dispute is finally resolved.

ARTICLE 8
TAXES; ADDITIONAL AMOUNTS

8.1 Lessee shall pay all assessments and charges for utilities and communication services, and assessments imposed pursuant to any construction on the Subject Land, all permit and authorization fees, all taxes, duties, charges and assessments of every kind of nature imposed by any public, governmental or political subdivision authority pursuant to any currently or subsequently enacted law, ordinance, regulation or order, which during the term of this Lease, become due or are imposed upon, charged against, measured by or become a lien on (a) the Subject Land, (b) any improvements or personal property of the Lessee located on the Subject Land, (c) the interest of the Lessee to this Lease or in the proceeds received by Lessee from any assignment or sublease of the Subject Land.

8.2 Lessee shall pay or cause to be paid all amounts required to be paid under Paragraph 8.1 before any interest, penalty, fine or cost accrues for nonpayment.

ARTICLE 9
WAIVER

9.1 Acceptance of rent payments by Lessor shall not constitute a waiver by Lessor of any violation by Lessee of the provisions of this Lease.

9.2 No waiver of a breach of any provision of this Lease shall be construed as a waiver of any succeeding breach of the same or any other provision.

ARTICLE 10
IMPROVEMENTS

10.1 All buildings, fences, wells, pumps, pipelines, corrals, pens, range improvement practices (i.e., root plowing, land imprinting, clearing, etc.) and other structures of every kind and nature which exist, at anytime, on, above, or below the Subject Land or on a portion thereof and which are not portable in nature are considered "improvements" under this Lease.

10.2 Lessee may construct improvements on the Subject Land if: (a) Lessee has filed an Application to Place Improvements with Lessor, attaching any necessary written approvals from regulatory authorities; and (b) Lessor has granted written approval for the construction of such improvements.

10.3 Any improvements placed on the Subject Land which have not been approved as required by Paragraph 10.2 shall be forfeited to and become property of the Lessor, and Lessee shall be liable to Lessor for all damage to the Subject Land caused by such unauthorized improvements and for any expenses incurred by the Lessor in restoring the Subject Land.

10.4 Lessee shall have the right to remove all of its personal property which can be removed without damaging the Subject Land within 60 days prior to, or 90 days following the Expiration Date or the earlier termination of the Lease.

10.5 Improvements placed on the Subject Land shall conform to all applicable federal, state, county and municipal laws and ordinances.

10.6 All improvements placed upon the Subject Land by Lessee in conformance with Paragraph 10.2 shall be the property of Lessee or any successor in interest ("Owner") and shall, unless they become the property of Lessor, be subject to assessment for taxes in the name of the Owner, as other property.

10.7 The Lessee or Owner shall be entitled to reimbursement for improvements authorized in accordance with Paragraph 10.2 by any subsequent lessee or purchaser of the Subject Land upon expiration of this Lease as provided by A.R.S. § 37-322.02 or any successor statute, subject to any rights acquired by the Lessor under Paragraph 3.4.

ARTICLE 11

LESSEE'S COOPERATION; INGRESS AND EGRESS

11.1 Lessee shall cooperate with Lessor in Lessor's inspection, appraisal and management of the Subject Land and permit reasonable access by Lessor's employees to isolated State Land across Lessee's private land during the term of this Lease.

11.2 Lessee shall not interfere with the authorized activities of Lessor's employees, agents, licenses or other lessees or permittees on the Subject Land.

ARTICLE 12

LESSEE SHALL NOT PERMIT LOSS OR WASTE

12.1 Lessee shall not cause nor grant permission to another to cause any waste or loss in or upon the Subject Land. Lessee, its employees and agents shall not cut, consume or remove any timber, or standing trees that may be upon the Subject Land, without the prior written consent of Lessor, except that Lessee may cut wood for fuel for domestic uses and authorized improvements on the Subject Land. Nothing herein shall permit the cutting of saw timber for any purpose.

ARTICLE 13
NATIVE PLANTS AND ARCHAEOLOGICAL RESOURCES

13.1 Lessee shall comply with the provisions of the Arizona Native Plant Law (A.R.S. § 3-901 et seq., or any successor statutes) and with Arizona laws relating to archaeological discoveries (A.R.S. § 41-841 et seq., or any successor statutes). Lessee shall not disturb any cacti or other protected native plants nor disturb any ruins, burial grounds or other archaeological sites except as may be permitted by these laws.

ARTICLE 14
LESSEE SHALL PROTECT THE LAND, PRODUCTS AND IMPROVEMENTS

14.1 Lessee is hereby authorized to use means which are reasonable and which do not result in a breach of the peace or in creating a concealed hazard, to protect the Subject Land and improvements against waste, damage and trespass.

14.2 In the event of known trespass on the Subject Land resulting in damage thereto, Lessee shall make reasonable efforts to notify Lessor and appropriate law enforcement authorities.

ARTICLE 15
ASSIGNMENT, SUBLEASE AND PASTURAGE AGREEMENT

15.1 Lessee, if not in default in the payment of rent and having kept and performed all the conditions of this Lease may, with the written consent of Lessor, assign this Lease. An assignment of this Lease shall not be made without the consent of all the parties. In the event of assignment of this Lease, Lessee shall file with Lessor a copy of applications for transfer of all certificates for stockpounds on the Subject Land to assignee, as agent for the State of Arizona, showing that the applications have been filed with the appropriate governmental agency.

15.2 Lessee shall not sublease or sell or lease pasturage to lands included in the Lease without first obtaining the written consent of Lessor. The term "sublease" includes the transfer of control of all or part of the ranch unit or units containing the Subject Land. Not with-standing any sublease, Lessee shall remain responsible to the Lessor for the performance of the provisions of this Lease. In no event may this Lease be sublet unless all rent due has been paid and all provisions of this Lease are complied with.

15.3 This Lease authorizes only the grazing of livestock bearing the registered brand(s) of Lessee or Lessee's immediate family. If Lessee wishes to permit the grazing of livestock bearing any other brands pursuant to pasturage agreements of any kind, Lessee must so inform Lessor prior to the release of such livestock on the Subject Land.

15.4 Copies of all assignments, subleases, or pasturage agreements pertaining to the Subject Land shall be filed with the Lessor.

ARTICLE 16
RESERVATIONS, RELINQUISHMENTS TO UNITED STATES

16.1 Lessor excepts and reserves out of the grant hereby made, all oils, gases, geothermal resources, coal, ores, minerals, fossils, fertilizers, common mineral products and materials, and all natural products of every kind that may be in or upon the Subject Land any legal claim existing or which may be established under the mineral land laws of the United States or the State of Arizona.

16.2 Lessor reserves the right to execute leases, permits, or sales agreements covering the Subject Land for the purpose of entering upon and prospecting for, and the extraction of such reserved materials.

16.3 Lessor reserves the right to grant rights of way, easements and sites over, across, under or upon the Subject Land for public highways, railroads, utility lines, pipelines, irrigation works, flood control, drainage works, logging and other purposes.

16.4 Lessor reserves the right to relinquish to the United States land needed for irrigation works in connection with a government reclamation project and to grant or dispose of rights of way and sites for canals, reservoirs, dams, power or irrigation plants or works, railroads, tramways, transmission lines or any other purpose or use on or over the Subject Land.

16.5 In the event of such relinquishment, grants or disposal, the Lessee waives all right to any compensation whatsoever as against the Lessor except as may be allowed under the provisions of Article 17, and as limited therein.

16.6 Upon the sale, exchange, redemption, relinquishment or taking, whether by eminent domain or institutional use, of all or any portion of the Subject Land shall terminate on the date of such taking as to the property so taken.

ARTICLE 17
CONDEMNATION AND EMINENT DOMAIN

17.1 If at any time during the duration of this Lease the whole or any part of the Subject Land shall be taken for any quasi-public or public purpose by any person, private or public corporation, or any governmental agency having authority to exercise the power of condemnation or eminent domain pursuant to any law, this Lease shall expire on the date when the leased property is taken or acquired as to the leased property so taken or acquired. Except as set forth below, the rights of Lessee and Lessor to compensation for such taking shall be as provided by law. The Lessee shall have no compensable right or

interest in the real property being condemned or interest in the unexpired term of this Lease or any renewal except as provided by law and in any event no interest greater than 10 percent of the total award for the land. The Lessor shall be entitled to and shall receive any and all awards for severance damages to remaining proceedings concerning the Subject Land. Lessee shall have the right to (1) prorated reimbursement for prepaid rent, (2) any and all awards for payments made for any authorized improvements which are taken, and (3) severance damages for any damage to Lessee's remaining ranch operation resulting from the taking.

ARTICLE 18 **WATER RIGHTS**

18.1 The Lessee shall be entitled to the use on the Subject Land of groundwater as defined in A.R.S. § 45-101, or any successor statute, for purposes consistent with this Lease. If the Lessee shall develop any groundwater on the Subject Land, he shall not acquire any rights with respect to the groundwater, except the right to use such water in accordance with applicable law, on the Subject Land during the term of this Lease.

18.2 If the Lessee uses, on the Subject Land, groundwater from a source not on the Subject Land, that use alone shall not (1) cause such water or any rights with respect to that water to be appurtenant to the Subject Land, or (2) affect in any way the Lessee's rights with respect to the water.

18.3 The rights of the Lessor and the Lessee concerning the application for an establishment of any rights with respect to surface water as defined in A.R.S. § 45-101, or any successor statute, shall be governed by the laws of the State of Arizona.

18.4 Nothing in the provisions of this Lease shall affect the validity of any rights established by or for the Lessor or Lessee with respect to surface water, as defined in A.R.S. § 45-101, prior to the Commencement Date of this Lease.

18.5 The application for and establishment by the Lessor or Lessee (as agent of the State of Arizona) of any water rights shall be for the State of Arizona; such rights shall attach to and become appurtenant to the Subject Land.

18.6 Notwithstanding Paragraph 18.5 above, the Lessee, as agent of the State of Arizona, shall be entitled to any certificate of water right, issued pursuant to the Stockpond Registration Act, A.R.S. § 45-271 through 45-276 (as it may be amended) relating to a stockpond constructed as an authorized improvement on the Subject Land. Any such certificate and the rights it evidences and represents shall be appurtenant to the Subject Land and shall pass to any successor lessee; or, if the land is not leased but is retained by the State of Arizona, then to the State of Arizona; or if the land is sold, then to the purchaser.

18.7 The Lessee shall promptly notify the Lessor in writing of any initial filings made by the Lessee with any governmental agency or court concerning the establishment or adjudication of any claim to a water right relating to the Subject Land. Upon request of the Lessor, the Lessee shall furnish copies of any document filed with the agency or court.

ARTICLE 19

DEFAULT AND CANCELLATION

19.1 Violation by Lessee of any provision of this Lease shall be a default hereunder entitling Lessor to any and all remedies it may have under Arizona law.

19.2 Upon any such default, the Lease may be canceled pursuant to A.R.S. § 37-289 or any successor statute.

19.3 This contract is subject to cancellation pursuant to A.R.S. § 38-511.

ARTICLE 20

HOLDOVER LESSEE

20.1 Upon expiration or termination of this Lease, Lessee agrees to surrender to Lessor peaceful and uninterrupted possession of the Subject Land. Holdover tenancy by the Lessee is prohibited and shall be deemed a trespass for which Lessor may seek all appropriate civil and criminal remedies; except that a Lessee in good standing who has filed a timely application for renewal may continue to occupy and use the Subject Land, pursuant to the terms of this Lease, pending action on the renewal application by Lessor.

ARTICLE 21

INDEMNIFICATION

21.1 Except as provided by A.R.S. § 33-1551 (or its successor statutes), Lessee hereby expressly agrees to indemnify and hold Lessor harmless, or cause Lessor to be indemnified and held harmless from and against all liabilities, obligations, damages, penalties, claims, causes of action, costs, charges and expenses, including attorneys' fees and costs, which may be imposed upon or incurred by or asserted against Lessor by reason of the following: (a) any accident, injury or damage to any persons or property occurring on or about the Subject Land or any portion thereof resulting from Lessee's use of the Subject Land, (b) any use, non-use or condition of the Subject Land or any portion thereof resulting from Lessee's intentional actions or negligence, and (c) any failure on the part of Lessee to perform or comply with any of the provisions of this Lease; except such as may be the result solely of Lessor's intentional conduct or active negligence.

21.2 In case an action or proceeding is brought against Lessor by reason of any such occurrence, Lessee, upon Lessor's request and at Lessee's expense, will resist and fend such action or proceedings, or cause the same to be resisted and defended either by counsel

designated by Lessee or, where such occurrence is covered by liability insurance, by counsel designated by the insurer.

21.3 Lessee shall protect, defend, indemnify and hold harmless the Lessor from and against all liabilities, obligations, losses, environmental responses, and clean up costs, charges and expenses, including attorneys' fees and court costs arising out of or related to the presence or existence of any substance regulated under any applicable Federal, State or local environmental laws, regulations or ordinances or amendments thereto because of: (a) any substance that came to be located on the Subject Land resulting from any use or occupancy of the Subject Land by the Lessee before or after the issuance of the Lease; or (b) any release, threatened release, escape, seepage, leakage, spillage, discharge or emission of any such substance in, on, under or from said Subject Land that is caused, in whole or in part, by any conduct, actions or negligence of the Lessee, regardless of when such substance came to be located on the Subject Land.

ARTICLE 22

RENEWAL

22.1 Upon application to the Department not less than 30 nor more than 180 days prior to the Expiration Date, Lessee, if a bona fide resident of the State or legally authorized to transact business in the State, shall have a preferred right to renewal for a term not to exceed ten years, as provided by law, bearing even date with the Expiration Date. The preferred right of renewal shall not extend to a Lessee if there has not been substantial compliance with the terms of this Lease or if the Subject Land has not been placed to the use prescribed in this Lease, unless for good cause, the failure to perform was given written authorization by the Department. If the Department determines the continued leasing of the land to the Lessee is not in the best interest of the State, the Lease shall not be renewed.

ARTICLE 23

INSURANCE REQUIREMENTS

23.1 Lessee shall maintain in full force a commercial general liability insurance policy during the lease term affording protection to the limit of not less than one million dollars. This policy shall contain a provision that Lessor, named as an additional insured, shall be entitled to recovery for any loss occasioned to it, its agents and employees. Further, the policy shall provide that their coverage is primary over any other insurance coverage available to the Lessor, its agents and employees. Insurance policies must contain a provision that the Lessor shall receive an advance 30 day written notice of any cancellation or reduction in coverage.

ARTICLE 24
ENVIRONMENTAL MATTERS

24.1 Lessee shall strictly comply with Environmental Laws, relating but not limited to hazardous and toxic materials, wastes and pollutants. Compliance means the Lessee shall act in accordance with the necessary reporting obligations, obtain and maintain all permits required, provide copies of all documents as required by Environmental Laws. For purposes of this Lease the term "Environmental Law" shall include but not be limited to any relevant federal, state, or local laws, and applicable regulations, rules and ordinances, and publications promulgated pursuant thereto, including any future modifications or amendments relating to environmental matters.

ARTICLE 25
MISCELLANEOUS

25.1 This Lease grants Lessee only those rights expressly granted herein and Lessor retains and reserves all other rights in the Subject Land.

25.2 This Lease is subject to all current and subsequently enacted rules, regulations and laws applicable to State Lands and to the rights and obligations of Lessors and Lessees. No provisions of this Lease shall create any vested right in Lessee except as otherwise specifically provided in this Lease.

25.3 The Lessor shall be forever wholly absolved from any liability for damages which might result to the Lessee in the event this Lease is found to be void, canceled, forfeited or terminated prior to the Expiration Date or in the event this Lease is not renewed.

25.4 If it is determined that Lessor has failed to receive title to any of the Subject Land, the Lease is null and void insofar as it relates to the land to which Lessor has failed to receive title. Lessor shall not be liable to Lessee or any assignee or sublessee for any damages that result from Lessor's failure to receive title.

25.5 In any action arising out of this Lease, the prevailing party is entitled to recover reasonable attorneys' fees incurred therein in addition to the amount of any judgement, costs and other expenses as determined by the court. In the case of Lessor, reasonable attorneys' fees shall be calculated at the reasonable market value for such services when rendered by private counsel notwithstanding that it is represented by the Arizona Attorney General's Office or by other salaried counsel.

25.6 No provisions of this Lease shall create any right or interest in Lessee to a fee interest in the Subject Land.

25.7 Any notice to be given or other documents to be delivered to Lessee or Lessor hereunder shall be in writing and delivered to Lessee or Lessor by depositing same in the United States Mail, with prepaid postage addressed as follows:

**To Lessor: Arizona State Land Department
1616 West Adams Street - First Floor
Phoenix, AZ 85007**

To Lessee: Address of Record

Lessee must notify Lessor within thirty (30) days by written notice of any change in address. Lessor's notice shall be deemed adequate if sent to the Lessee's best known address of record and no change of address form is on file.

25.8 This Lease shall be governed by, construed and enforced in accordance with Arizona laws.

25.9 Any attempt to assign, sublease, convey, transfer or otherwise dispose of any estate or interest in this Lease, other than pursuant to its term, shall not be effective.

25.10 This Lease, together with all attached Appendices, embodies the whole agreement of the parties. There are no other agreements or terms, oral or written. This document supersedes all previous communications, representations and agreements, oral or written, between the parties.

25.11 THIS DOCUMENT is submitted for examination and shall have no binding effect on the parties unless and until executed by the Lessor (after execution by the Lessee), and a fully executed copy is delivered to the Lessee.

25.12 IN THE EVENT OF A DISPUTE between the parties to this Lease, it is agreed to use arbitration to resolve the dispute but only to the extent required by A.R.S. § 12-1518; and, in no event shall arbitration be employed to resolve a dispute which is otherwise subject to administrative review by the Department.

25.13 Every obligation of the State under this Lease is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Lease, this Lease may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or any damages as a result of termination under this paragraph.

25.14 The parties agree to be bound by applicable State and Federal rules governing Equal Employment Opportunity, Non-discrimination and Disabilities, including Executive Order No. 99-4.

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

RUN DATE 05-MAY-2006
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KE-LEASE#: 005-000132-00-009 APPTYPE: RENEWAL

AMENDMENT#: 0

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
22.0-N-05.0-W-02-03-030-1005	LOTS 1 THRU 4 S2N2 N2SE LY N OF COUNTY LINE	3.50	283.760
22.0-N-05.0-W-02-13-030-1005	LOT 4 SWSWNE S2NW S2 LY S OF COUNTY LINE	4.50	357.000
22.0-N-05.0-W-04-13-031-1002	LOTS 1 THRU 4 S2N2 AND N2S2 N2S2SE LY N OF ATSF RR	6.50	520.320
22.0-N-05.0-W-10-13-031-1002	N2NE NESENE LY N OF ATSF RR	1.00	80.000
22.0-N-05.0-W-12-13-031-1002	N2 E2SE NWSE AND N2SW SWSE LY N OF ATSF RR	7.20	580.000
23.0-N-05.0-W-02-03-030-1002	ALL	8.00	640.000
23.0-N-05.0-W-04-03-021-1002	S2 S2N2	6.00	480.000
23.0-N-05.0-W-06-03-021-1002	LOTS 1 THRU 4 E2W2 E2	7.90	633.200
23.0-N-05.0-W-08-03-021-1002	ALL	8.00	640.000
23.0-N-05.0-W-10-03-021-1002	ALL	8.00	640.000
23.0-N-05.0-W-12-03-053-1002	ALL	8.00	640.000
23.0-N-05.0-W-14-03-043-1002	ALL	8.00	640.000
23.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
23.0-N-05.0-W-18-03-043-1002	LOTS 1 2 3 4 E2W2 E2	7.90	633.240
23.0-N-05.0-W-20-03-043-1002	ALL	8.00	640.000
23.0-N-05.0-W-22-03-043-1002	ALL	8.00	640.000
23.0-N-05.0-W-24-03-043-1002	ALL	8.00	640.000
23.0-N-05.0-W-26-03-043-1002	ALL	8.00	640.000
23.0-N-05.0-W-28-03-043-1002	ALL	8.00	640.000
23.0-N-05.0-W-30-03-043-1010	LOTS 3 AND 4 E2 E2SW M&B IN LOTS 1 AND 2 E2NW	7.60	604.420
23.0-N-05.0-W-32-03-030-1005	N2N2 SENE AND SWNE S2NW N2N2SE LY NLY OF COUNTY LINE	3.70	297.000
23.0-N-05.0-W-32-13-030-1005	LOTS 1 THRU 4 N2SW AND S2SWSWNE S2NW N2SE LY SLY OF COUNTY LINE	4.00	322.560
23.0-N-05.0-W-34-03-043-1005	LOTS 1 THRU 4 N2 N2S2 LY N OF COUNTY LINE	7.50	600.920
23.0-N-05.0-W-34-13-043-1002	LOTS 2 3 4 LY S OF COUNTY LINE	0.30	28.000
23.0-N-05.0-W-36-03-030-1002	LOTS 1 THRU 4 N2S2 N2	8.00	640.280
23.0-N-06.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.120
23.0-N-06.0-W-04-03-053-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.520
23.0-N-06.0-W-08-03-053-1002	LOTS 1 THRU 4 E2W2 E2	7.10	575.480

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51.14

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

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RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
23.0-N-06.0-W-10-03-053-1002	ALL	8.00	640.000
23.0-N-06.0-W-12-03-053-1002	ALL	8.00	640.000
23.0-N-06.0-W-14-03-053-1002	ALL	8.00	640.000
23.0-N-06.0-W-16-03-030-1002	ALL	8.00	640.000
23.0-N-06.0-W-20-03-053-1010	LOTS 1 2 E2 E2NW NESW AND LOTS 3 4 SESW LY NELY OF COUNTY LINE EX 0.06 AC LY IN NWSWSENE 15.09 AC LY IN SESESESW W2SWSE	6.80	544.740
23.0-N-06.0-W-20-13-053-1002	LOTS 3 4 SESW LY SWLY OF COUNTY LINE	0.20	16.710
23.0-N-06.0-W-22-03-053-1002	ALL	8.00	640.000
23.0-N-06.0-W-24-03-053-1002	N2N2 S2NE SWNW S2	7.50	600.000
23.0-N-06.0-W-26-03-053-1002	N2 PT OF N2S2 SESE	5.60	451.500
23.0-N-06.0-W-26-13-053-1003	S2SW AND N2SW S2S2NWSE LY S OF COUNTY LINE	1.40	113.500
23.0-N-06.0-W-26-13-053-1004	SESE LY S OF COUNTY LINE	0.40	35.000
23.0-N-06.0-W-28-03-053-1002	N2 LY N OF COUNTY LINE	2.50	205.000
23.0-N-06.0-W-28-13-053-1002	S2 AND S2N2 S2NWNW LY S OF COUNTY LINE	5.40	435.000
23.0-N-06.0-W-32-13-030-1002	LOT 1 N2NE NENW LY N FROM N LINE OF ATSF RR(PAT 2057)	0.80	69.200
23.0-N-06.0-W-34-13-053-1002	N2 N2N2NESW N2SE LY N OF ATSF RR	4.10	333.420
23.0-N-06.0-W-36-03-030-1000	N2N2NE LY N OF COUNTY LINE	0.10	9.760
23.0-N-06.0-W-36-13-030-1022	NE LY S OF COUNTY LINE EX PAT 53- 102541 LY IN NWNWNWNWNWNE NESE EX PAT 5725 LY IN S2SWNESE NESESE SENWNW N2SWNW LY S OF PAT 53- 102541	2.50	197.780
23.0-N-06.0-W-36-13-030-1023		0.20	13.530
23.0-N-07.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	642.160
23.0-N-07.0-W-12-03-021-1002	LOTS 1 THRU 12 NW AND SW LY N OF COUNTY LINE	8.40	674.600
23.0-N-07.0-W-12-13-021-1002	NWSW S2SW LY S OF COUNTY LINE	0.60	55.000
24.0-N-05.0-W-02-03-030-1002	LOTS 1 THRU 12 S2	9.10	728.800
24.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
24.0-N-05.0-W-26-03-031-1000	E2	4.00	320.000
24.0-N-05.0-W-28-03-031-1000	ALL	8.00	640.000
24.0-N-05.0-W-30-03-031-1000	LOTS 1 THRU 4 E2W2 E2	7.80	631.240
24.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
24.0-N-05.0-W-34-03-031-1000	N2NW	1.00	80.000

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STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
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RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
24.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
24.0-N-06.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.70	701.240
24.0-N-06.0-W-04-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.70	698.800
24.0-N-06.0-W-08-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.10	571.960
24.0-N-06.0-W-10-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-12-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-14-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-16-03-030-1002	ALL	8.00	640.000
24.0-N-06.0-W-20-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.10	572.880
24.0-N-06.0-W-22-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-24-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-26-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-28-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-32-03-030-1002	LOTS 1 THRU 4 E2W2 E2	7.10	573.960
24.0-N-06.0-W-34-03-031-1002	ALL	8.00	640.000
24.0-N-06.0-W-36-03-030-1002	ALL	8.00	640.000
24.0-N-07.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.30	584.720
24.0-N-07.0-W-04-03-043-1002	LOTS 1 THRU 4 S2N2 S2	7.30	584.560
24.0-N-07.0-W-06-03-043-1002	LOTS 1 THRU 4 S2N2 S2	7.30	584.400
24.0-N-07.0-W-08-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-10-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-12-03-043-1002	LOTS 1 THRU 12 W2	9.00	721.800
24.0-N-07.0-W-14-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-16-03-030-1002	ALL	8.00	640.000
24.0-N-07.0-W-18-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-20-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-22-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-24-03-043-1002	LOTS 1 THRU 12 W2	9.00	723.920
24.0-N-07.0-W-26-03-043-1002	ALL	8.00	640.000

51.16

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

RUN DATE 05-MAY-2006
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KE-LEASE#: 005-000132-00-009

RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
24.0-N-07.0-W-28-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-30-03-043-1005	N2 N2NESW SE LY N OF COUNTY LINE	4.60	376.000
24.0-N-07.0-W-30-13-043-1005	S2NW S2 LY S OF COUNTY LINE	3.30	264.000
24.0-N-07.0-W-32-03-030-1005	N2 N2NESE LY N OF COUNTY LINE	2.20	175.000
24.0-N-07.0-W-32-13-030-1005	S2NE NW S2 LY S OF COUNTY LINE	5.70	465.000
24.0-N-07.0-W-34-03-043-1002	ALL	8.00	640.000
24.0-N-07.0-W-36-03-030-1002	LOTS 1 THRU 12 W2	9.00	725.320
24.0-N-08.0-W-02-03-030-1002	L 1 TO 4 S2N2 S2	7.30	584.800
24.0-N-08.0-W-04-03-043-1002	LOTS 1 THRU 4 S2N2 S2	7.30	585.680
24.0-N-08.0-W-06-03-043-1002	LOT 1 AND LOTS 2 3 S2NE NESE NENESESE LY N OF COUNTY LINE	1.60	135.460
24.0-N-08.0-W-06-13-043-1002	LOTS 2 THRU 5 S2NE SENW N2NESW SE LY SWLY OF COUNTY LINE AND NELY OF STATE HWY 66	2.60	209.110
24.0-N-08.0-W-08-03-043-1002	N2 N2SE NENESESE LY N FROM C/L OF STATE HWY 66 AND E OF COUNTY LINE	3.10	252.120
24.0-N-08.0-W-10-03-043-1002	ALL	8.00	640.000
24.0-N-08.0-W-12-03-043-1002	ALL	8.00	640.000
24.0-N-08.0-W-14-03-043-1002	ALL	8.00	640.000
24.0-N-08.0-W-16-03-030-1002	N2N2 N2NESENW S2NE N2NENESE LY NLY OF COUNTY LINE	2.30	187.880
24.0-N-08.0-W-16-13-030-1002	SWNW SW W2SE SESE AND S2NE N2NW SENESE LY S OF COUNTY LINE	5.60	452.120
24.0-N-08.0-W-20-13-043-1002	NENE N2NENWNE LY N OF ATSF RR	0.10	15.000
24.0-N-08.0-W-22-13-043-1002	N2 N2SE SESE AND SW SWSE LY NLY OF ATSF RR	7.10	570.000
24.0-N-08.0-W-24-03-043-1002	N2 N2SE SESE AND SW SWSE LY NLY OF COUNTY LINE	6.90	559.790
24.0-N-08.0-W-24-13-043-1002	SW SWSWSE LY SLY OF COUNTY LINE	1.00	80.210
24.0-N-08.0-W-26-13-043-1002	N2 N2SE NENESESE LY NLY OF ATSF RR	3.10	255.000
24.0-N-08.0-W-36-13-030-1002	NE NENW LY NLY OF ATSF RR	1.10	95.000
25.0-N-04.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.320
25.0-N-04.0-W-04-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.600
25.0-N-04.0-W-06-03-031-1002	LOTS 1 THRU 7 SE SENW S2NE E2SW	7.90	638.160
25.0-N-04.0-W-08-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-10-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-12-03-031-1002	ALL	8.00	640.000

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STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

RUN DATE 05-MAY-2006
RUN TIME: 16:18:33
APPENDIX A
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KE-LEASE#: 005-000132-00-009

RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
25.0-N-04.0-W-14-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-16-03-030-1002	ALL	8.00	640.000
25.0-N-04.0-W-18-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	639.120
25.0-N-04.0-W-20-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-22-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-24-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-26-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-28-03-031-1002	N2 N2S2 SESE SWSW	7.00	560.000
25.0-N-04.0-W-30-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	639.520
25.0-N-04.0-W-32-03-030-1002	ALL	8.00	640.000
25.0-N-04.0-W-34-03-031-1002	ALL	8.00	640.000
25.0-N-04.0-W-36-03-030-1002	S2 NE	6.00	480.000
25.0-N-05.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.50	600.240
25.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
25.0-N-05.0-W-26-03-024-1002	ALL	8.00	640.000
25.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
25.0-N-05.0-W-34-03-031-1002	ALL	8.00	640.000
25.0-N-05.0-W-36-03-030-1002	LOTS 1 THRU 4 W2E2 W2	8.00	641.920
25.0-N-06.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	638.600
25.0-N-06.0-W-14-03-024-1002	ALL	8.00	640.000
25.0-N-06.0-W-16-03-030-1002	ALL	8.00	640.000
25.0-N-06.0-W-24-03-024-1002	ALL	8.00	640.000
25.0-N-06.0-W-26-03-024-1002	ALL	8.00	640.000
25.0-N-06.0-W-32-03-030-1002	ALL	8.00	640.000
25.0-N-06.0-W-34-03-024-1002	ALL	8.00	640.000
25.0-N-06.0-W-36-03-030-1002	ALL	8.00	640.000
25.0-N-07.0-W-02-03-030-1002	LOT 1 THRU 4 S2N2 S2	8.00	640.080
25.0-N-07.0-W-04-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.480
25.0-N-07.0-W-06-03-024-1002	LOTS 1 THRU 7 SENW S2NE E2SW SE	7.90	639.630

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LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
25.0-N-07.0-W-08-03-024-1002	ALL	8.00	640.000
25.0-N-07.0-W-16-03-030-1002	ALL	8.00	640.000
25.0-N-07.0-W-18-03-024-1002	LOTS 1 THRU 4 E2W2 E2	7.90	638.520
25.0-N-07.0-W-20-03-031-1002	ALL	8.00	640.000
25.0-N-07.0-W-28-03-024-1002	ALL	8.00	640.000
25.0-N-07.0-W-30-03-024-1002	LOTS 1 THRU 4 E2W2 E2	7.90	639.280
25.0-N-07.0-W-32-03-030-1002	ALL	8.00	640.000
25.0-N-07.0-W-36-03-030-1002	ALL	8.00	640.000
25.0-N-08.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.240
25.0-N-08.0-W-04-03-040-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.640
25.0-N-08.0-W-06-03-040-1002	LOTS 1 THRU 7 SENW S2NE E2SW SE	7.90	635.400
25.0-N-08.0-W-08-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-10-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-12-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-14-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-16-03-030-1002	ALL	8.00	640.000
25.0-N-08.0-W-18-03-040-1002	LOTS 1 THRU 4 E2W2 E2	7.90	637.120
25.0-N-08.0-W-20-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-22-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-24-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-26-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-28-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-30-03-040-1002	LOTS 1 THRU 4 E2W2 E2	7.90	638.880
25.0-N-08.0-W-32-03-030-1002	ALL	8.00	640.000
25.0-N-08.0-W-34-03-040-1002	ALL	8.00	640.000
25.0-N-08.0-W-36-03-030-1002	ALL	8.00	640.000
25.0-N-09.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	638.840
25.0-N-09.0-W-10-03-040-1002	ALL	8.00	640.000
25.0-N-09.0-W-12-03-040-1002	ALL	8.00	640.000

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LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
25.0-N-09.0-W-14-03-040-1002	ALL	8.00	640.000
25.0-N-09.0-W-16-03-030-1002	ALL	8.00	640.000
25.0-N-09.0-W-20-03-040-1002	N2 N2NESE LY N FROM C/L OF STATE HWY 66	3.10	250.000
25.0-N-09.0-W-22-03-040-1002	N2 N2SW SESW SE AND SWSW LY N FROM C/L OF STATE HWY 66	7.80	630.000
25.0-N-09.0-W-24-03-031-1002	ALL	8.00	640.000
26.0-N-04.0-W-02-03-030-1002	ALL	8.00	640.000
26.0-N-04.0-W-16-03-030-1002	ALL	8.00	640.000
26.0-N-04.0-W-32-03-030-1002	LOTS 1 THRU 4 N2S2 N2	7.90	638.420
26.0-N-04.0-W-36-03-030-1002	LOTS 1 THRU 4 N2S2 N2	8.00	640.020
26.0-N-05.0-W-02-03-030-1002	LOT 1 THRU 4 S2N2 S2	7.90	639.080
26.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
26.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
26.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
26.0-N-06.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.440
26.0-N-06.0-W-16-03-030-1002	ALL	8.00	640.000
26.0-N-06.0-W-26-03-040-1002	ALL	8.00	640.000
26.0-N-06.0-W-32-03-030-1002	ALL	8.00	640.000
26.0-N-06.0-W-34-03-040-1002	ALL	8.00	640.000
26.0-N-06.0-W-36-03-030-1002	ALL	8.00	640.000
26.0-N-07.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.400
26.0-N-07.0-W-16-03-030-1002	ALL	8.00	640.000
26.0-N-07.0-W-18-03-040-1002	LOTS 1 THRU 4 E2W2 E2	7.90	639.440
26.0-N-07.0-W-32-03-030-1002	ALL	8.00	640.000
26.0-N-07.0-W-36-03-030-1002	ALL	8.00	640.000
26.0-N-08.0-W-02-03-030-1002	LOTS 1 2 3 E2SE SWSE	2.90	235.690
26.0-N-08.0-W-16-03-030-1002	LOTS 1 2 3 4 SENE SE S2SW	5.40	439.580
26.0-N-08.0-W-24-03-040-1002	ALL	8.00	640.000
26.0-N-08.0-W-26-03-040-1002	ALL	8.00	640.000
26.0-N-08.0-W-32-03-030-1002	ALL	8.00	640.000

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26.0-N-08.0-W-36-03-030-1002	ALL	8.00	640.000
26.0-N-09.0-W-36-03-030-1002	LOTS 1 2 S2NW SW E2	7.70	621.280
27.0-N-03.0-W-32-03-030-1002	N2 SW	6.00	480.000
27.0-N-04.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
27.0-N-04.0-W-03-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
27.0-N-04.0-W-05-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
27.0-N-04.0-W-06-03-031-1002	LOTS 1 THRU 7 SENW S2NE SE E2SW	7.60	614.350
27.0-N-04.0-W-16-03-030-1002	ALL	8.00	640.000
27.0-N-04.0-W-32-03-030-1002	ALL	8.00	640.000
27.0-N-04.0-W-36-03-030-1002	ALL	8.00	640.000
27.0-N-05.0-W-02-03-030-1002	LOTS 1 AND 2 S2N2 S2	6.90	556.960
27.0-N-05.0-W-06-03-043-1002	LOTS 1 THRU 5 S2NE SE	5.50	447.070
27.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
27.0-N-05.0-W-18-03-043-1002	LOTS 1 THRU 4 E2	6.40	512.360
27.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
27.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
27.0-N-06.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.560
27.0-N-06.0-W-12-03-043-1002	E2	4.00	320.000
27.0-N-06.0-W-14-03-043-1002	ALL	8.00	640.000
27.0-N-06.0-W-16-03-030-1002	ALL	8.00	640.000
27.0-N-06.0-W-18-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	637.440
27.0-N-06.0-W-20-03-031-1002	ALL	8.00	640.000
27.0-N-06.0-W-24-03-043-1002	ALL	8.00	640.000
27.0-N-06.0-W-30-03-031-1002	LOTS 1 TRHU 4 E2W2 E2	7.90	637.800
27.0-N-06.0-W-32-03-030-1002	ALL	8.00	640.000
27.0-N-06.0-W-36-03-030-1002	ALL	8.00	640.000
27.0-N-07.0-W-12-03-031-1002	LOTS 1 NENW S2NW NE S2	7.80	625.320
27.0-N-07.0-W-14-03-031-1002	LOT 1 NENW S2NW NE S2	7.90	639.570
27.0-N-07.0-W-16-03-030-1002	LOT 1	0.00	6.260

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27.0-N-07.0-W-22-03-031-1002	ALL	8.00	640.000
27.0-N-07.0-W-24-03-031-1002	ALL	8.00	640.000
27.0-N-07.0-W-26-03-031-1002	ALL	8.00	640.000
27.0-N-07.0-W-28-03-031-1002	ALL	8.00	640.000
27.0-N-07.0-W-32-03-030-1002	ALL	8.00	640.000
27.0-N-07.0-W-34-03-031-1002	ALL	8.00	640.000
27.0-N-07.0-W-36-03-030-1002	ALL	8.00	640.000
27.0-N-08.0-W-36-03-030-1002	LOTS 1 2 3 SESE	1.80	148.960
28.0-N-04.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	638.360
28.0-N-04.0-W-04-03-031-1002	LOTS 1 THRU 4 S2N2 S2	7.90	638.840
28.0-N-04.0-W-06-03-031-1002	LOTS 1 THRU 7 SENW S2NE E2SW SE	7.60	615.770
28.0-N-04.0-W-08-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-10-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-12-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-14-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-16-03-030-1002	ALL	8.00	640.000
28.0-N-04.0-W-18-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.60	614.880
28.0-N-04.0-W-20-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-22-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-24-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-26-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-28-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-30-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.60	614.360
28.0-N-04.0-W-32-03-030-1002	ALL	8.00	640.000
28.0-N-04.0-W-34-03-031-1002	ALL	8.00	640.000
28.0-N-04.0-W-36-03-030-1002	ALL	8.00	640.000
28.0-N-05.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.20	658.280
28.0-N-05.0-W-04-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.20	656.600
28.0-N-05.0-W-06-03-031-1002	LOTS 1 THRU 6 S2NE SE	6.50	520.630

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28.0-N-05.0-W-08-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-10-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-12-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-14-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
28.0-N-05.0-W-18-03-031-1002	LOTS 1 THRU 4 E2	6.30	508.080
28.0-N-05.0-W-20-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-22-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-24-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-26-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-28-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-30-03-031-1002	LOTS 1 2 3 4 E2	6.30	508.680
28.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
28.0-N-05.0-W-34-03-031-1002	ALL	8.00	640.000
28.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
28.0-N-06.0-W-12-03-031-1002	LOTS 1 THRU 4 E2	6.00	483.790
28.0-N-06.0-W-14-03-031-1002	LOTS 1 2 3 4 S2SE NESE	3.20	260.900
28.0-N-06.0-W-22-03-031-1001	LOTS 1 2 3 4 SENE SE SESW	4.50	365.440
28.0-N-06.0-W-24-03-031-1001	ALL	8.00	640.000
28.0-N-06.0-W-26-03-031-1001	ALL	8.00	640.000
28.0-N-06.0-W-28-03-031-1002	LOTS 1 THRU 5 SENE SE E2SW SWSW	5.70	460.200
28.0-N-06.0-W-32-03-030-1002	LOTS 1 2 3 E2NE SWNE E2SW SE SWSW	6.60	534.560
28.0-N-06.0-W-34-03-031-1002	ALL	8.00	640.000
28.0-N-06.0-W-36-03-030-1001	ALL	8.00	640.000
29.0-N-02.0-W-06-03-031-1002	LOTS 1 THRU 7 SENW S2NE E2SW SE	7.90	634.760
29.0-N-02.0-W-07-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	635.120
29.0-N-02.0-W-08-03-003-1002	ALL	8.00	640.000
29.0-N-02.0-W-17-03-003-1002	ALL	8.00	640.000
29.0-N-02.0-W-18-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	635.560

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29.0-N-02.0-W-19-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	636.480
29.0-N-02.0-W-20-03-053-1002	ALL	8.00	640.000
29.0-N-02.0-W-29-03-053-1002	ALL	8.00	640.000
29.0-N-02.0-W-30-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	637.520
29.0-N-02.0-W-31-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	639.080
29.0-N-02.0-W-32-03-030-1002	ALL	8.00	640.000
29.0-N-03.0-W-01-03-031-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.840
29.0-N-03.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.200
29.0-N-03.0-W-12-03-031-1002	ALL	8.00	640.000
29.0-N-03.0-W-13-03-031-1002	ALL	8.00	640.000
29.0-N-03.0-W-16-03-030-1002	ALL	8.00	640.000
29.0-N-03.0-W-24-03-031-1002	ALL	8.00	640.000
29.0-N-03.0-W-25-03-031-1002	ALL	8.00	640.000
29.0-N-03.0-W-32-03-030-1002	ALL	8.00	640.000
29.0-N-03.0-W-36-03-030-1002	ALL	8.00	640.000
29.0-N-04.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.120
29.0-N-04.0-W-16-03-030-1002	ALL	8.00	640.000
29.0-N-04.0-W-32-03-030-1002	ALL	8.00	640.000
29.0-N-04.0-W-36-03-030-1002	ALL	8.00	640.000
29.0-N-05.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	647.320
29.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
29.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
29.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
29.0-N-06.0-W-36-03-030-1002	LOTS 1 2 3 4 E2E2	3.50	285.040
30.0-N-02.0-W-05-03-031-1002	LOT 4 SWNW W2SW	1.90	158.460
30.0-N-02.0-W-06-03-031-1002	LOTS 1 THRU 7 S2NE SENW E2SW SE	7.80	625.060
30.0-N-02.0-W-07-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.80	629.840
30.0-N-02.0-W-08-03-031-1002	NWNW	0.50	40.000
30.0-N-02.0-W-17-03-031-1002	SWSW S W OF CANYON	0.10	15.000

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30.0-N-02.0-W-18-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.80	631.320
30.0-N-02.0-W-19-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	632.480
30.0-N-02.0-W-20-03-031-1002	W2W2 E2SW	3.00	240.000
30.0-N-02.0-W-29-03-031-1012	N2NW N2S2NW LY WLY OF CATARACT CANYON	1.00	74.820
30.0-N-02.0-W-29-03-031-1013	SWNW N2NWSW LY WLY OF CATARACT CANYON	0.50	39.630
30.0-N-02.0-W-29-03-031-1014	S2NWSW SWSW LY WLY OF CATARACT CANYON	0.50	33.780
30.0-N-02.0-W-30-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	633.240
30.0-N-02.0-W-31-03-031-1002	LOTS 1 THRU 4 E2W2	3.90	314.120
30.0-N-03.0-W-01-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.680
30.0-N-03.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	641.560
30.0-N-03.0-W-03-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	641.280
30.0-N-03.0-W-04-03-031-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.320
30.0-N-03.0-W-05-03-031-1002	LOTS 1 THRU 4 S2N2 S2	7.90	638.520
30.0-N-03.0-W-08-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-09-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-10-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-11-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-12-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-13-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-14-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-15-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-16-03-030-1002	ALL	8.00	640.000
30.0-N-03.0-W-22-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-23-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-24-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-25-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-26-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-27-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-32-03-030-1002	ALL	8.00	640.000

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

RUN DATE 05-MAY-2006
RUN TIME: 16:18:33
APPENDIX A
PAGE: 013

KE-LEASE#: 005-000132-00-009

RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
30.0-N-03.0-W-33-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-34-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-35-03-031-1002	ALL	8.00	640.000
30.0-N-03.0-W-36-03-030-1002	ALL	8.00	640.000
30.0-N-04.0-W-01-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
30.0-N-04.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
30.0-N-04.0-W-03-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
30.0-N-04.0-W-04-03-031-1002	LOTS 3 4 S2N2 S2	7.00	560.120
30.0-N-04.0-W-05-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	641.160
30.0-N-04.0-W-06-03-031-1002	LOTS 1 THRU 7 S2NE SENW E2SW SE	7.90	634.060
30.0-N-04.0-W-07-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	632.360
30.0-N-04.0-W-08-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-09-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-10-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-11-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-12-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-13-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-14-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-15-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-16-03-030-1002	ALL	8.00	640.000
30.0-N-04.0-W-17-03-031-1002	E2	4.00	320.000
30.0-N-04.0-W-18-03-031-1002	LOTS 1 2 3 4 E2W2 E2	7.90	632.000
30.0-N-04.0-W-19-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	632.280
30.0-N-04.0-W-20-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-21-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-22-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-23-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-24-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-25-03-031-1002	ALL	8.00	640.000

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
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KE-LEASE#: 005-000132-00-009

RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
30.0-N-04.0-W-26-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-27-03-031-1001	ALL	8.00	640.000
30.0-N-04.0-W-28-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-29-03-031-1002	ALL	8.00	640.000
30.0-N-04.0-W-30-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.90	633.360
30.0-N-04.0-W-32-03-030-1002	ALL	8.00	640.000
30.0-N-04.0-W-35-03-031-1002	N2 N2SE	5.00	400.000
30.0-N-04.0-W-36-03-030-1002	ALL	8.00	640.000
30.0-N-05.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	7.90	639.600
30.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
30.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
30.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
30.0-N-06.0-W-36-03-030-1002	LOTS 1 2 3 4 E2E2	3.50	283.080
31.0-N-03.0-W-05-03-031-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
31.0-N-03.0-W-06-03-031-1002	LOTS 1 THRU 7 S2NE SENW E2SW SE	7.80	627.680
31.0-N-03.0-W-07-03-031-1002	LOTS 1 THRU 4 E2W2 E2	7.80	628.080
31.0-N-03.0-W-08-03-031-1002	ALL	8.00	640.000
31.0-N-03.0-W-16-03-030-1002	ALL	8.00	640.000
31.0-N-03.0-W-17-03-031-1002	N2	4.00	320.000
31.0-N-03.0-W-18-03-031-1002	NE	2.00	160.000
31.0-N-03.0-W-32-03-030-1002	ALL	8.00	640.000
31.0-N-03.0-W-36-03-030-1002	ALL	8.00	640.000
31.0-N-04.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	640.000
31.0-N-04.0-W-12-03-031-1002	NE	2.00	160.000
31.0-N-04.0-W-13-03-003-1000	NW	2.00	160.000
31.0-N-04.0-W-13-03-031-1000	S2	4.00	320.000
31.0-N-04.0-W-16-03-030-1001	ALL	8.00	640.000
31.0-N-04.0-W-31-03-031-1001	LOTS 1 THRU 4 E2W2 E2	7.90	632.520
31.0-N-04.0-W-32-03-030-1002	ALL	8.00	640.000

STATE OF ARIZONA LAND DEPARTMENT
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RUN DATE 05-MAY-2006
RUN TIME: 16:18:33
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KE-LEASE#: 005-000132-00-009

RENEWAL

LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
31.0-N-04.0-W-33-03-031-1002	N2 SW N2SE	7.00	560.000
31.0-N-04.0-W-34-03-031-1002	ALL	8.00	640.000
31.0-N-04.0-W-35-03-031-1002	N2	4.00	320.000
31.0-N-04.0-W-36-03-030-1002	ALL	8.00	640.000
31.0-N-05.0-W-02-03-030-1002	LOTS 1 THRU 4 S2N2 S2	8.00	641.960
31.0-N-05.0-W-16-03-030-1001	ALL	8.00	640.000
31.0-N-05.0-W-32-03-030-1001	ALL	8.00	640.000
31.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
31.0-N-06.0-W-36-03-030-1002	LOTS 1 2 3 4 E2E2	3.40	277.320
32.0-N-05.0-W-16-03-030-1002	ALL	8.00	640.000
32.0-N-05.0-W-22-03-031-1000	N2N2	2.00	160.000
32.0-N-05.0-W-32-03-030-1002	ALL	8.00	640.000
32.0-N-05.0-W-36-03-030-1002	ALL	8.00	640.000
32.0-N-06.0-W-36-03-030-1002	LOTS 1 2 3 4 E2E2	3.40	276.200

TOTALS: 2,968.30 238,034.380

51-28

'06 JUN12 1340 RZ Land Dept.

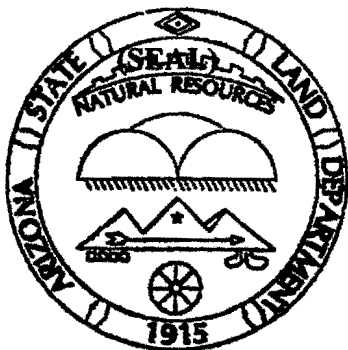
57.29

IN WITNESS HEREOF, the parties hereto have signed this Lease effective the day and year set forth previously herein.

STATE OF ARIZONA, LESSOR

Arizona State Land Commissioner

By: Harry Hinggi 4/13/06
Date



[Signature] 06 June 06
Lessee Date

✓ Lessee Date

✓ P.O. Box 2249
Address

✓ Window Rock AZ 86515
City State Zip

**ADDENDUM TO
STATE LAND DEPARTMENT
STATE OF ARIZONA
GRAZING LEASE**

The Grazing Lease by and between the State Land Department, State of Arizona, and the Navajo Nation, Lease No. 05-132, dated February 29, 2016 through February 28, 2026, is hereby amended to insert the provisions of the Attorney General of the State of Arizona, Mr. Mark Brnovich, concerning Sovereign Immunity and Dispute Resolution Provisions as they apply to Agreements between the State of Arizona and the Navajo Nation, which are attached hereto and incorporated herein as Exhibit "A" to this Addendum to the aforementioned Arizona State Grazing Lease.

S1.30



MARK BRNOVICH
Attorney General

Office of the Attorney General
State of Arizona

August 21, 2015

Mr. Michael Bielecki
Lewis Roca Rothgerber
201 E. Washington Street
Suite 1200
Phoenix, Arizona 85004-2595

Dear Mr. Bielecki:

It was a pleasure to meet with you earlier this year. As you are aware, I have had the opportunity to work with local tribal nations both as Assistant United States Attorney for the District of Arizona, and most recently, as Director of the Arizona Department of Gaming. Over that time I have developed a deep appreciation of tribal cultures and histories and a sincere respect for their sovereignty.

I have now reviewed the *Navajo Nation and State of Arizona Contract Provisions* that we discussed and that are attached to this letter. I understand that these provisions have been successfully used by our governments since 2010, subject to the approval of the Navajo Nation and State client agencies in each instance, depending on the nature of the contract. I approve of these provisions and unless both parties agree otherwise, they will remain in effect for state contracts with the Navajo Nation.

Sincerely,

Mark Brnovich
Attorney General

Navajo Nation and State of Arizona Contract Provisions

Overview: The Navajo Nation Department of Justice and Arizona Attorney General's Office have been working together to address recurring issues that arise when negotiating agreements with one another. As a result of these efforts, the Department of Justice and the Arizona Attorney General agreed that the provisions in this document are acceptable in contracts that are not governed by Arizona's procurement code. The provisions are divided into two components. First, there are several provisions that address sovereign immunity, applicable law and dispute resolution. The use of these provisions in any particular agreement, is subject to the approval of the client agencies entering into the agreement. The second component is the addendum of provisions that modify the standard terms in State contracts for contracts with the Navajo Nation.

This document does not include proposed language regarding indemnification. The Arizona Attorney General's Office did not recommend including standard indemnification language because this language may vary depending on the nature of the agreement and is subject to approval by the State's risk management. The Navajo Nation's position is that its Sovereign Immunity Act prevents it from indemnifying outside entities and, therefore, the Nation's lawyers generally replace indemnification language with language stating that the Nation is responsible for the acts and omissions of its employees and agents.

This document also does not include language concerning E-Verify because A.R.S. § 41-4401 applies to contracts "for the procurement of services," A.R.S. § 41-4401(D)(1), and this language is not intended for contracts subject to Arizona's procurement code.

Sovereign Immunity and Dispute Resolution Provisions

1. Limited Waiver of Sovereign Immunity. For purposes of this Agreement, and subject to the terms of this section, the Nation consents and agrees to a limited waiver of its sovereign immunity from suit and consents to be sued on an arbitration award. The Nation represents that this limited waiver of sovereign immunity has been duly approved by the Nation's Tribal Council, as authorized by the Arbitration and Sovereign Immunity Acts of the Navajo Nation. The Nation is not waiving its right to assert the defense of sovereign immunity except as expressly set forth, referred to, and provided for, in this Agreement. This limited waiver is enforceable solely by the State as limited hereunder and does not create any additional third party beneficiary rights to suits or private causes of action in favor of third Parties. The Parties agree that this section provides a limited waiver of sovereign immunity solely for the purpose of enforcing the provisions of this Agreement and enforcing any arbitration award hereunder and for no other purpose.

2. Dispute Resolution. In the event of a dispute, claim or controversy ("Dispute") arising out of or related to this Agreement, the Parties agree that it is in their mutual best interest to meet as promptly as possible for the purpose of informally resolving said Dispute. In the event the Parties cannot resolve their Dispute informally after attempting to work in good faith, the Parties hereto agree to abide by arbitration as set forth below and that an order compelling arbitration or a judgment enforcing the arbitration award shall be the only relief of any kind provided by the State or Tribal court.

3. Arbitration. If a party in good faith concludes that a Dispute arising out of or related to this Agreement is not likely to be resolved by informal dispute resolution then, upon notice by that Party to the other, said Dispute shall be finally and exclusively settled by submission of such Dispute to the American Arbitration Association ("AAA") under its then prevailing procedural rules contained in the AAA's Commercial Arbitration Rules to the extent that such rules shall not be interpreted to diminish, limit, or void the limited waiver of sovereign immunity set forth in Section 1 above or to increase the enforcement rights of the Parties. Within ten (10) days after the notice of intent to arbitrate, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within ten (10) days of their appointment. The third arbitrator shall be a practicing attorney, actively engaged in the practice of law for at least ten (10) years and a member in good standing of the bar of the State of Arizona. Alternatively, the third arbitrator may be a retired judge of the federal court or the trial court of the State of Arizona. At least one of the arbitrators shall be knowledgeable with federal Indian law and one arbitrator shall have AAA-acknowledged expertise in the appropriate subject matter. By agreement of the parties, when the amount in controversy renders the cost of three arbitrators unreasonable, the parties may agree to select a single arbitrator to resolve a dispute. All arbitration proceedings shall be held in Maricopa County, or at such other place as shall be agreed by the Parties.

4. Award. The award shall be made within sixty (60) days of the filing of the notice of intent to arbitrate, and the arbitrators shall agree to comply with the schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the majority of the Parties or by the majority of the arbitrators, if necessary. Any award rendered in any such arbitration proceeding shall be final and binding upon all Parties to the proceeding. Any action to enforce the arbitration award must be filed within one hundred and eighty (180) days from the issuance of the award.

5. Governing Law. This Agreement, including any claim or dispute arising hereunder submitted to binding arbitration shall be governed by the laws of the State of Arizona.

6. Enforcement. Judgment upon any award rendered by the arbitrators against the Nation may be entered in the Nation's tribal court system ("Tribal Court") or against the State of Arizona in

the Arizona State Court System ("Court System") and interpreted and/or enforced pursuant to the terms of this Agreement, and/or pursuant to the terms of the AAA's Commercial Arbitration Rules, and/or pursuant to the terms and provisions of the statutes, rules and regulations governing or providing for interpretation or enforcement of judgments applicable in any State of Arizona or Navajo Nation court.

Cholla Livestock, LLC

November 3, 2016

Attn: Robert Allan

To Whom it May Concern,

I withdraw my October 20, 2016 letter deadline for the Nation to approve of the Lease.

However, once the Nation formally approves of the new revised Lease, I reserve the right to sign that new revised Lease, formally giving my approval once that the Nation has done so.

Sincerely,



Harvey C. Dietrich

5150 N. 16th Street · Suite A-116 · Phoenix AZ 85016
Phone: 602-220-9820 Fax: 602-275-6183 Email: sue@chollalivestock.com

MEMORANDUM

To: Navajo Nation

From: Cholla Livestock, LLC

Re: Big Boquillas Lease, commencing January 1, 2017

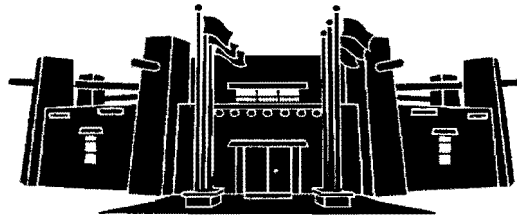
Please be advised that, per the Navajo Nation's request, Harvey Dietrich signed the lease on behalf of Cholla Livestock, LLC. However, Mr. Dietrich's commitment to enter into this lease shall only be valid until October 20, 2016 unless the Navajo Nation obtains all necessary approvals and signs the lease prior to October 20, 2016.

Sincerely,

A handwritten signature in black ink that reads "Harvey C. Dietrich". The signature is written in a cursive style with a large, stylized 'H' and 'D'.

Cholla Livestock, LLC

by Harvey C. Dietrich



MEMORANDUM

TO: Honorable Ben Bennett
Crystal, Fort Defiance, Red Lake, Sawmill Chapters

FROM: Mariana Kahn
Mariana Kahn, Attorney
Office of Legislative Counsel

DATE: December 27, 2016

SUBJECT: PROPOSED STANDING COMMITTEE RESOLUTION; AN ACTION RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; APPROVING A TRIBAL RANCH LEASE BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK, L.L.C., FOR THE BIG BOQUILLAS RANCH AND A SUBLEASE AGREEMENT BETWEEN THE NAVAJO NATION AND CHOLLA LIVESTOCK, L.L.C. FOR THE STATE OF ARIZONA GRAZING LEASE NO. 056-132

As requested, I have prepared the above-referenced proposed resolution and associated legislative summary sheet pursuant to your request for legislative drafting. Based on existing law and review of documents submitted, the resolution as drafted is legally sufficient. As with any action of government however, it can be subject to review by the courts in the event of proper challenge. Please ensure that this particular resolution request is precisely what you want. You are encouraged to review the proposed resolution to ensure that it is drafted to your satisfaction.

The Office of Legislative Counsel confirms the appropriate standing committee(s) based on the standing committees powers outlined in 2 N.N.C. §§301, 401, 501, 601 and 701. Nevertheless, "the Speaker of the Navajo Nation Council shall introduce [the proposed resolution] into the legislative process by assigning it to the respective oversight committee(s) of the Navajo Nation Council having authority over the matters for proper consideration." 2 N.N.C. §164(A)(5).

If the proposed resolution is unacceptable to you, please contact me at the Office of Legislative Counsel and advise me of the changes you would like made to the proposed resolution.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0428-16_

SPONSOR: Benjamin Bennett

TITLE: An Action Relating to Resources and Development; Approving a Tribal Ranch Lease between the Navajo Nation and Cholla Livestock, L.L.C., for the Big Boquillas Ranch and a Sublease Agreement between the Navajo Nation and Cholla Livestock, L.L.C. for the State of Arizona Grazing Lease No. 056-132.

Date posted: December 28, 2016 at 5:15pm

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7590

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*

**THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW SUMMARY**

LEGISLATION NO.: 0428-16

SPONSOR: Honorable Benjamin Bennett

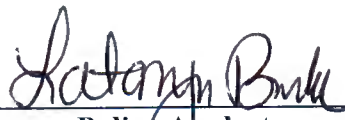
TITLE:: An Action Relating to Resources and Development; Approving a Tribal Ranch Lease between the Navajo Nation and Cholla Livestock, L.L.C., for the Big Boquillas Ranch and a Sublease Agreement between the Navajo Nation and Cholla Livestock, L.L.C. for the State of Arizona Grazing Lease No. 056-132.

Posted: December 28, 2016 at 5:15 pm

5 DAY Comment Period Ended: January 3, 2017

Digital Comments received:

Comments Supporting	<i>None</i>
Comments Opposing	<i>None</i>
Inclusive Comments	<i>None</i>



**Policy Analyst
Office of Legislative Services**

1/3/17 8:29am
Date/Time

**RESOURCES AND DEVELOPMENT COMMITTEE
23rd NAVAJO NATION COUNCIL**

THIRD YEAR 2017

COMMITTEE REPORT

Mr. Speaker,

The **RESOURCES AND DEVELOPMENT COMMITTEE** to whom has been assigned:

Legislation # 0428-16: An Action Relating to Resources and Development; Approving a Tribal Ranch Lease between the Navajo Nation and Cholla Livestock, L.L.C. for the Big Boquillas Ranch and a Sublease Agreement Between the Navajo Nation and Cholla Livestock, L.L.C. for the State of Arizona Grazing Lease No. 056-132. Sponsor: Honorable Benjamin Bennett

Has had it under consideration and reports a DO PASS with the following amendments

AMENDMENT # 1: (Motion: Davis Filfred; Second: Benjamin Bennett; V: 3-0-1 CNV))

Typographical error correction removing the number "6" in the "Arizona Grazing Lease No. 056-132" such that it will read "Arizona Grazing Lease No. 05-132" throughout the legislation:

Page 1, line 14

L.L.C. FOR THE STATE OF ARIZONA GRAZING LEASE NO. 056-132

Page 3, line 8

No. 056-132. The Lease is attached as Exhibit A and the Sublease is attached

Page 3, line 15

And Cholla Livestock, L.L.C., for the State of Arizona Grazing Lease No. 056-

AMENDMENT # 2: (Motion: Davis Filfred; Second: Benjamin Bennett; V: 3-0-1 CNV))

Exhibit "A," the Lease Agreement, is amended to correct the end date of the Lease Agreement from the year 2022 to the year 2021.

This will conform to the purpose of having a 5 year Lease Agreement; and

Exhibit "B," the Sublease Agreement, is amended to correct the end date of the Sublease Agreement from year 2022 to the year 2021. This will conform to the purpose of having a 5 year Sublease Agreement.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Alton Joe Shepherd', with a stylized, looping flourish extending to the right.

Alton Joe Shepherd, Chairperson
Resources and Development Committee
of the 23rd Navajo Nation Council

Date: January 3, 2017
Main Motion: Honorable Davis Filfred
Second: Honorable Benjamin Bennett
Vote: 3-0-1 (CNV)

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease Agreement") dated as of the 3rd day of January 2017, 2016, made by and between THE NAVAJO NATION ("Lessor") and CHOLLA LIVESTOCK LIMITED LIABILITY COMPANY, an Arizona limited liability company ("Lessee"). Lessor's authority for entering into this Lease Agreement is set forth in 2 N.N.C. § 501 (B) (2) (Resolution CJA-03-13; 2013), 3 N.N.C. § 513 (2009 Supp.), 16 N.N.C. § 602 (1995), and 25 U.S.C.A. § 635 (b) (Westlaw 2016); the foregoing authorities shall also include any amendments thereto relative to leases of Navajo Nation fee lands.

1. FUNDAMENTAL TERMS AND ATTACHMENTS.

a) Fundamental Terms. The following is a summary schedule of certain fundamental terms of this Lease Agreement.

(i) Lessor: The Navajo Nation
Address: Department of Agriculture
P. O. Box 9000
Window Rock, Arizona 86515

(ii) Lessee: Cholla Livestock Limited Liability Company
Address: Attn: Mr. Harvey C. Dietrich
5150 N.16th Street, Suite A-116
Phoenix, AZ 85016

(iii) Effective Date: The effective date of this agreement shall begin on January 1, 2017, and end on December 31, 2021.

(iv) Rent: Six Hundred Forty-Five Thousand Dollars (\$645,000.00) per Lease Year; Lessee shall be responsible for the payment of all grazing fees to the State of Arizona, excluding any sub-lease surcharge. The rent will increase each year for that Lease year to match the dollar for dollar amount to the extent that the Big Bo LLC's net profit, after all operating expenses and taxes are paid, exceeds \$95,000 in net profit from the revenue of Big Bo LLC. By way of example, this means that if in lease year 2017 the net profit after all operating expenses and taxes are paid revenue of the Big Bo LLC is \$105,000, the rent for the lease year shall be \$655,000 ($\$105,000 - \$95,000 = \$10,000 + \$645,000 = \$655,000$). However, in the event that no Game and Fish Cooperative Stewardship Agreement and/or Game and Fish Agreement for the Leased Property's Habitat Improvement is in effect, then, the rent will increase for that Lease year to match dollar for dollar but only to the extent that the Big Bo, LLC net profit, after all operating expenses and taxes are paid,

exceeds \$165,000 in net profit from the revenue of Big Bo LLC. Lessee shall be allowed to credit the amount of \$75,000.00 toward the payment of rent each Lease Year for the expenses incurred by Lessee for its ranch maintenance, repair, and replacement expenses and obligations.

- (v) Term: Five (5) Lease Years. Provided, however, that Lessor and Lessee may commence a program of transition to actual possession, control, and operation of the Big Boquillas Ranch from Lessee to Lessor. No later than the end of the 4th Lease year, Lessor shall deliver written notice to Lessee that it elects to take control and possession of the property at the end of the 5th year of the Lease. If Lessor fails to timely deliver to Lessee an election in writing that it exercises its right to a transition to take over the ranch property, then, Lessee retains its rights, including the right to extend the Lease as provided within this Lease.
- (vi) Extension: Lessee shall have an option to extend the Lease for an additional period of five (5) years. Said option shall be exercised in writing by Lessee eight (8) months prior to expiration of the primary Term of this Lease Agreement, assuming that Lessor did not previously elect in writing to initiate transition into acquiring the Ranch operation. Lessee shall exercise this Lease Extension Option by written notice timely delivered to Lessor.
- (vii) Lease Year: Shall be defined as that twelve (12) month period during the Term or any Extension commencing on the Commencement Date or the anniversary thereof, as may be applicable.

b) Exhibits. The following exhibits are attached hereto and, by this reference, incorporated herein:

Exhibit A - Legal Description of the Property

Exhibit B - Form of Sublease Agreement

2. DESCRIPTION OF PROPERTY. In consideration of the mutual covenants contained herein, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor that certain real property, composed of 491,432 acres of fee land and 238,035 acres of state grazing land, more or less, commonly known as the "Big Boquillas Ranch" located in Coconino, Mohave and Yavapai Counties, State of Arizona, and more particularly described in Exhibit A attached hereto and made a part hereof by this reference (the "Land"), together with (i) all buildings and improvements located on the Land (including, without limitation, all water wells, pumping plants, related storage facilities, pipelines and other appurtenances thereto (collectively, the "Water Wells")); and (ii) all rights, easements and

appurtenances belonging or appertaining to the Land or improvements thereon (the property and rights described in (i) and (ii) are collectively called the "Property").

- a. Notwithstanding the foregoing, Lessor expressly reserves for itself, and its successors and assigns, the right to prospect for, drill for, produce, mine, extract, remove, process, refine and store oil, gas, sand and gravel, and/or other minerals of whatever kind and character in, on, or under the Land, together with the right to conduct seismic and other exploratory work in connection therewith, as well as to construct, install, operate, maintain and/or remove whatever facilities are reasonably related to the aforementioned activities. Furthermore, Lessor shall have the right to develop parcels of the Property in Lessor's sole and absolute discretion (the foregoing shall be deemed to include, but not be limited to, the development of a commercial hunting enterprise and/or the development of a housing subdivision, or renewable energy projects). Notwithstanding the foregoing, in the event that any of the activities listed in the preceding sentences (or any Event of Force Majeure [as hereinafter defined]) shall prevent Lessee from economically utilizing the Property and the State Lands as a cattle ranch, Lessee shall have the right to terminate this Lease Agreement, thereby wholly discharging Lessee from all obligations hereunder, other than those liabilities and obligations for which survival is expressly provided for hereunder.
3. STATE LANDS. Lessor and Lessee shall execute concurrently herewith a Sublease Agreement in the form attached hereto as Exhibit B (the "Sublease Agreement") whereby Lessor will sublease to Lessee the approximately 238,035 acres of real property (the "State Lands") that Lessor leases from the State of Arizona pursuant to that certain Grazing Lease with the State of Arizona, dated May 10, 1995, (Grazing Lease No. 05-132) and/or any extensions or renewed Agreements thereof. Lessor and Lessee hereby acknowledge that pursuant to certain contractual agreements with Lessor and Lessor's predecessors in interest, Lessee has been in legal possession of the Property and the State Lands since 1984. Lessor is endeavoring to renew the State Grazing Lease as soon as possible; the Lease expired on February 29, 2016. However, Lessor submitted the required Notice to renew the aforementioned Grazing Lease to the Arizona State Land Department, along with the payment of renewal fees, as required by Arizona State regulations on or about January 1, 2016. The State of Arizona has not yet notified Lessor that the State Grazing Lease has been renewed. Pursuant to Arizona Administrative Code § R12-5-508 (A.A.C. R12-5-508, AZ ADC R12-5-508) (Westlaw 2016), Lessor is "... authorized to occupy and use said land pending action on [Lessor's] application for renewal. . . ." *Id. (edits and italics supplied)*. Furthermore, pursuant to A.R.S. § 37-291.A. (Westlaw 2016), "[u]pon application to the state land department not less than thirty days . . . before the expiration of a lease of state lands, the lessee . . . shall have a preferred right to renewal, bearing even date with the expiration of the old lease . . . " *Id. (edits supplied)*. At the time of this Lease Agreement, Lessor has a preferred right of renewal and is authorized to occupy and use the State grazing lands. Lessor represents and agrees it will use its best efforts to renew the State Grazing Lease effective during the term of this Lease and Sublease the same to Lessee, which Sublease Agreement is

attached hereto as Exhibit "B". If the State Lease is not renewed, then, Lessee shall have the right to cancel this Lease Agreement. Lessee shall be responsible for the payment of all State Grazing Lease fees and rent, excluding any sub-lease surcharge.

4. TERM. The Term shall commence on January 1, 2017 (the "Commencement Date"), and shall expire on December 31, 2021; provided, however, Lessee may earlier terminate this Lease Agreement subject to and in accordance with the provisions of this section. To exercise such early termination right, Lessee must deliver written notice to Lessor of Lessee's election to terminate this Lease Agreement on or before the date that is twelve (12) months prior to the date of early termination. As used hereunder, the term "Term" means the initial term of this Lease Agreement, as specified in the Fundamental Terms above and, if applicable, any exercised extension period then in effect. Provided, however, Lessor may desire to implement a program to begin assumption of such actual possession, control, and operation of the Big Boquillas Ranch one (1) year in advance of the conclusion of the Term of this Lease. In this regard, Lessee shall cooperate with Lessor in implementing a program that will transition such actual possession, control, and operation of the Ranch at the end of the fifth (5th) year of the Term. In the event Lessor decides not to proceed with a program to assume actual possession, control, and operation of the Property, Lessee shall receive an extension of this Lease agreement for an additional period of five (5) years at the conclusion of the Term upon the same terms and conditions as the initial term. Such extension may be exercised at the option of the Lessee provided that Lessee is in good standing at the conclusion of the Term and provides Lessor timely notice of its desire for such extension eight (8) months in advance of the expiration of the Term of this Lease agreement.

5. EXTENSIONS. Provided Lessee is not then in material, uncured default hereunder and has provided Lessor with written notice that Lessee desires an extension of the Lease eight (8) months in advance of the end of the Term of the Lease, the Term of this Lease Agreement may be extended for one (1) additional period of five (5) years commencing at midnight on the date on which the Term expires (the "Extension"). The Extension will be on the same terms, covenants, and conditions as in this Lease Agreement.

6. RENT. From and after the Commencement Date, during the Term, Lessee agrees to pay Rent to Lessor in the annual amount set forth in Section 1 (a) (iv). Lessee shall pay the Rent to Lessor in equal quarterly installments.

7. SUBORDINATION, NON-DISTURBANCE, AND ATTORNMEN. This Lease Agreement, all rights of Lessee in this Lease Agreement, and all interest or estate of Lessee in the Property, is subject and subordinate to any existing or future Mortgage (as hereinafter defined). The automatic subordination to any future Mortgage provided for in this Section is expressly conditioned upon the Mortgage holder's agreement that as long as Lessee is not in material, uncured default under this Lease Agreement, the holder of the Mortgage will not disturb Lessee's rights of possession under this Lease Agreement. Lessee will, upon request, execute and deliver to Lessor any instruments, releases, or

other documents reasonably required to confirm the self-effectuating subordination of this Lease Agreement as provided in this Section to any Mortgagee. Notwithstanding the foregoing, the lien of any existing or future Mortgage will not cover Lessee's personal property located on the Land. For purposes hereof, the term "Mortgage" means any mortgage, deed of trust, security interest or other security document of like nature that at any time may encumber all or any part of the Property and any replacements, renewals, amendments, modifications, extensions or refinancings thereof, and each advance (including future advances) made under any such instrument.

8. REAL ESTATE TAXES. Lessor shall timely pay directly to the applicable taxing authority any and all real estate taxes and assessments lawfully imposed on the Property ("Real Estate Taxes") during the Term.

9. INSURANCE.

- a. Public Liability Insurance. At all times during the Term, Lessee shall carry a public liability insurance policy in the amount of \$500,000.00 for personal injury, death or property damage to one person and \$1,000,000.00 per occurrence. Said policy shall be obtained from a reliable insurance company licensed to do business in the State of Arizona and shall be written jointly to protect Lessee and Lessor, shall provide notification to Lessor prior to any cancellation or nonrenewal of said policy for any reason, including non-payment of premiums. A copy of said policy shall be delivered to Lessor promptly after request therefor.
- b. Fire and Damage Insurance. At all times during the Term, Lessee shall carry fire and casualty insurance with extended coverage endorsements covering not less than the full replacement value of all improvements located on the Property and the State Lands. Said policy shall be obtained from a reliable insurance company licensed to do business in the State of Arizona and shall be written jointly to protect Lessee and Lessor, shall provide notification to Lessor prior to any cancellation or non-renewal of said policy for any reason, including non-payment of premiums. A copy of said policy shall be delivered to Lessor promptly after request therefor.

10. LESSOR'S TITLE AND QUIET ENJOYMENT. Lessor represents and warrants to Lessee that Lessor is seized in fee simple title to the Property. Lessor covenants that so long as Lessee fulfills the conditions and covenants required of it to be performed, Lessee will have peaceful and quiet possession of the Property; provided, however, the foregoing shall not be construed as a representation as to water, grazing, pasture conditions, or carrying capacity of the Property and the State Lands. Lessor further represents and warrants that it has good right, full power and lawful authority to enter into this Lease Agreement for the Term and any extension thereof. However, the Lessor reserves the right, upon reasonable notice to Lessee, to allow other valid business entities to enter the leasehold premises to explore, investigate, survey, or make assessments or evaluations

concerning commercial uses of the Property. Written notice shall be provided to Lessee prior to entry onto the premises by Navajo Nation Licensees. Notice shall consist of a letter of authorization together with verbal confirmation by Lessor. Provided further, that Lessor shall have the absolute right to develop parcels of the Property in Lessor's sole and absolute discretion for any commercial purpose. To the extent such a development reduces Lessee's useable land, then in that event, there would be a pro-rata rent reduction for Lessee.

In the event that Lessor desires to develop the Property inconsistent with a cattle ranching operation, notice of such adverse disposition of the land shall be delivered to Lessee as provided in this lease. Lessor shall unilaterally abate the size and legal description of the Property consistent with notice of adverse disposition of land use; then, Lessee shall receive a reduction in the amount of rent due in proportion to the reduction in land use. The adjustment of rent shall be effective on the effective date of the amendment of the lease. Notwithstanding the foregoing, in the event that the aforementioned activities prevents Lessee from economically utilizing the Property and the State Lands as a cattle ranch, Lessee shall have the right to terminate this Lease Agreement, thereby wholly discharging Lessee from all obligations hereunder, other than those liabilities and obligations for which survival is expressly provided for hereunder.

11. PROPERTY LEASED "AS-IS". Lessee has examined and knows the condition of the Property and the State Lands and the improvements thereon and accepts the same AS-IS. Other than as expressly provided herein, Lessor has made no representations (including, without limitation, any representations as to water, grazing, pasture conditions, or carrying capacity of the Property and the State Lands) prior to or at the time of execution of this Lease Agreement. Lessee hereby represents that it has not relied on any representations or warranties of Lessor, but instead, has relied solely on Lessee's independent investigation and judgment.

12. USE AND MAINTENANCE. This Lease Agreement grants to Lessee the right to use the Property and the State Lands for grazing and ranching-related purposes only and shall not be construed as conveying any other interest in the Property or the State Lands. Furthermore, with respect to use and maintenance of the Property and the State Lands, Lessor and Lessee hereby agree as follows:

- (a) Lessee agrees to use the Property and the State Lands only for grazing and purposes associated with grazing and to do so in a manner consistent with the best practices and standards customary for the prudent operation of a ranch of like character in northern Arizona.
- (b) Lessee agrees that not more than 10,000 Cow Units shall be permitted on the Property and the State Lands at any one time. As used herein, a "Cow Unit" shall be defined as:
 - (i) one cow with one suckling calf, together with one replacement heifer for every five cows, together with one bull for every twelve cows, or (ii) one and one-quarter two year old heifers, together with one bull for every twelve two-year old heifers (i.e., one two-year old heifer, together with the applicable ration of bulls equals 80% of a

Cow Unit), or (iii) two and one-half stocker cattle (i.e., one stocker equals 40% of a Cow Unit).

(c) Lessor and Lessee agree that Lessor shall be responsible for any necessary repairs to the below-ground portion of the Water Wells and Lessee shall be responsible for any necessary repairs to the above-ground portion of the Water Wells. Additionally, Lessee agrees to pay all bills for electrical power (or alternative energy source) used in the operation of the Water Wells. In the event that a Water Well becomes inoperative, insufficient or unavailable for Lessee's use, during such period of insufficiency or unavailability Lessor shall credit Lessee with a pro-rata reduction in Rent based upon the reduced carrying capacity of the Property and/or the State Lands resulting from such insufficiency or unavailability of water.

(d) In the event that Lessee makes any replacement and/or reconstruction of an Approved Capital Item (as hereinafter defined) necessary for the continued operation of the Property and/or the State Lands as a cattle ranch, Lessee shall pay for such replacement/reconstruction cost; provided, however, Lessee shall be entitled to a reduction in the rent to the extent of this replacement/reconstruction cost. This credit for rent paid shall not exceed the amount of \$60,000 in any single rent year. Notwithstanding the foregoing, Lessee shall first obtain the prior consent of Lessor, which consent shall not be unreasonably withheld; provided further, however, that Lessee shall have the right to commence the replacement/reconstruction of an Approved Capital Item without first obtaining Lessor's prior consent at any time that Lessee reasonably believes such replacement/reconstruction of an Approved Capital Item is immediately necessary for the continued safe and economical operation of the Property and/or the State Lands as a cattle ranch. For purposes of this Section 12(d), the term "Approved Capital Item" shall mean and refer to a long-term asset having a useful life of three years or more.

13. MECHANIC'S LIENS. Lessee shall keep the Property free and clear of all mechanics liens and other liens on account of work done for Lessee or persons claiming under it. Lessee agrees to and shall indemnify, defend with counsel reasonably acceptable to Lessor, and hold Lessor harmless against liability, loss, damages, costs, and all other expenses, including reasonable attorneys' fees, on account of such claims of lien. Lessee shall promptly upon such lien being filed, pay the same or procure a bond pursuant to A.R.S. §33-1004 so as to cause the lien to be removed from the Property to the extent that such statute, as such statute may be amended, restated, or replaced, so provides for such removal.

14. LESSOR ASSIGNMENT. Lessor shall have the right to transfer, assign, and convey, in whole or in part, any or all of the right, title, and interest in the Property and the State Lands, provided such transferee, assignee or grantee shall be bound by the terms, covenants and agreements herein contained, and shall expressly assume and agree to perform the covenants and agreements of Lessor herein contained. In the event of any such assignment and assumption of this Lease Agreement, Lessor will attorn to the transferee or successor to Lessor's interest in this Lease Agreement and recognize such transferee or successor as lessor under this Lease Agreement.

15. LESSEE ASSIGNMENT AND SUBLETTING. Without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed, Lessee shall not make or allow any assignment or transfer, by operation of law or otherwise, of any part of Lessee's interest in this Lease Agreement. Notwithstanding the foregoing, it shall not be reasonable for Lessor to withhold its consent under this Section 15 so long as the proposed assignee has the requisite experience and financial capability to operate the Property and the State Lands as a cattle ranch. Lessor shall either approve, or state with reasonable specificity its reasons for disapproval, of any proposed assignment or transfer within forty-five (45) days following receipt by Lessor of notice from Lessee that Lessee desires to assign or transfer its interest in the Lease Agreement; Lessor's failure to so respond within such forty-five (45) day period shall constitute Lessor's approval of the proposed assignee or transferee.

16. LESSEE'S DEFAULT. Should Lessee (i) default in any payment of monies required to be paid by Lessee hereunder, (ii) fail to perform any material covenant provided for hereunder, (iii) fail to post bond as required hereunder, or (iv) be adjudicated as a debtor under any insolvency or bankruptcy act, and if any such failure(s) shall continue uncured for thirty (30) days following written notice thereof by Lessor to Lessee (during which thirty (30) day period Lessee shall have the right to cure such failure), then, in that event, Lessor may, by Written notice to Lessee at any time on or before the doing of any act or the commencement of any proceedings, elect to either:

- (a) Collect, by suit or otherwise, all monies due and payable hereunder, or enforce, by suit or otherwise, Lessee's compliance with any other applicable provision of this Lease Agreement; or
- (b) Re-enter the Property and remove all persons and property therefrom, excluding the property belonging to any authorized sublessees or personal property of Lessee, and either (i) re-let the Property without terminating this Lease Agreement, as the agent for, and for the account of, Lessee, but without prejudice to Lessor's right to subsequently terminate the Lease Agreement. Terms and conditions of any such reletting shall be at the reasonable discretion of Lessor and rents from any such reletting shall be applied first to Lessor's reasonable expenses incurred in connection with the re-letting (including, by way of example, reasonable brokerage commissions, reasonable alterations and repairs, and reasonable attorneys' fees), and thereafter, toward the payment of all amounts due to Lessor; provided, however, Lessee shall remain liable for the equivalent of the amount of all Rent reserved herein less the receipts of re-letting, if any, and such amount shall be due and payable to Lessor as damages or Rent, as the case may be, on the successive days Rent is otherwise due under this Lease Agreement, and Lessor may recover such amount periodically on such successive days; or (ii) terminate this Lease Agreement at any time and even though Lessor has previously exercised its rights as outlined in clause (i) above; provided, however, Lessor's election to exercise the remedy provided for in

this clause (ii) shall exclude Lessor's recourse to any other remedy available at law or in equity.

Except as expressly set forth in this Lease Agreement, no waiver of a breach of any of the covenants contained in this Lease Agreement shall be construed to be a waiver of any succeeding breach of the same (or any other) covenant, nor shall any assent or indulgence, express or implied, to any breach of any of the covenants contained in this Lease Agreement be deemed a waiver of any succeeding breach of the same (or any other) covenant.

Notwithstanding anything to the contrary contained in this Lease Agreement, with respect to any remedy exercised by Lessor in the event of a Lessee breach hereunder, Lessor shall have an affirmative obligation to mitigate its damages. If Lessor shall elect to terminate this Lease Agreement, all rights and obligations of Lessee relating to the unexpired portion of this Lease Agreement shall cease.

17. LESSOR'S DEFAULT. If Lessor is in default in performing any of the terms or provisions of this Lease Agreement and Lessor fails to cure such default within thirty (30) days after receipt of written notice from Lessee stating the nature and extent of the default, Lessee shall have the rights and remedies hereinafter set forth, which shall be distinct, separate, and cumulative:

- (a) Lessee may cure the default, including, but not limited to, the making of any reasonable repairs or replacements to the Property and/or the State Lands and Lessor shall reimburse Lessee, within ninety (90) days after receipt of an invoice from Lessor therefor, for all of Lessee's reasonable costs and expenses incurred by Lessee in performing any of the Lessor's obligations hereunder. Notwithstanding the foregoing cure period, Lessee may cure any default, without notice to Lessor, where the failure to promptly cure such default would, in the reasonable opinion of Lessee, create or allow to persist an emergency condition or materially adversely affect the operation of Lessee's business.
- (b) Lessee shall have the right to set-off any amounts due Lessor from Lessee under this Lease Agreement for any actual expenses or damages incurred by Lessee in performing any of the Lessor's obligations hereunder against Rent and/or any other payment by Lessee due or to become due hereunder. Notwithstanding anything to the contrary provided herein, pending final determination of the validity and amount of any claim of Lessee under any provisions of this Lease Agreement, Lessee may, provided it acts reasonably and in good faith, without penalty or default, set-off the amount claimed by Lessee against Rent and/or any other payment by the Lessee due or to become due hereunder.

18. EMINENT DOMAIN. If at any time during the Term the Property (or any part thereof) is taken or condemned under the laws of eminent domain, then, in that event, the

leasehold estate of Lessee in said Property (or relevant portion thereof) shall forthwith cease and terminate. Any and all compensation awarded by reason of the taking of such Property (or relevant portion thereof), or injury to any buildings or improvements located thereon, shall be awarded to Lessor and Lessee as their interests therein appear at the time of such taking. The Rent payable by Lessee to Lessor following any such taking shall be reduced in proportion to the reduced carrying capacity of the Property resulting from such taking.

19. NOTICES. All notices, demands, requests, or other communications to or upon either party provided for in this Lease Agreement, or given or made in connection with this Lease Agreement, shall be in writing and shall be addressed as follows:

To or Upon Lessor:

Attn: Executive Director Natural Resources Division
The Navajo Nation
P.O. Box 9000
Window Rock, Navajo Nation, Arizona 86515
Telephone: (928) 871-6592
Facsimile: (928) 871-7040

With A Copy To:

Attn: Department Manager
The Navajo Nation Department of Agriculture Division of Natural Resources
P.O. Box 4889
Window Rock, Navajo Nation, Arizona 86515
Telephone: (928) 871-6605
Facsimile: (928) 871-6679

To or Upon Lessee:

Attn: Mr. Harvey Dietrich
Cholla Livestock Limited Liability Company
5150 N. 16th Street, Suite A-116
Phoenix, AZ 85016
Telephone: (602) 220-9820
Facsimile: (602) 275-6183

All notices shall be given by personal delivery, by registered or certified mail (postage prepaid), by facsimile transmission or by telegram. Notices given in conformity with the terms hereof shall be effective and shall be deemed delivered when received. Lessor and Lessee may at any time during the Term change its address by providing notice to the other party in conformity with the terms hereof.

20. HAZARDOUS SUBSTANCES

(a) Lessor's Representations and Warranties. Lessor represents and warrants to Lessee that:

- (i) Lessor acknowledges that all activities with respect to hazardous substances are subject to the regulations as applied under, and as defined by Environmental Law, including the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§ 6901 *et seq.*, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 *et seq.*, or other applicable federal laws or regulations (collectively, "Hazardous Substances") and those of the State of Arizona and its subdivisions as applicable.
- (ii) Lessor has not received and is not aware of any notification from any federal, state, county or city agency or authority relating to Hazardous Substances, in, on, under, or adjacent to the Property or the State Lands.

(b) Lessee's Representations and Warranties. Lessee represents and warrants to Lessor that Lessee shall not cause any Hazardous Substances to be used, stored, generated, released, or disposed of on or in the Property or the State Lands in violation of Environmental Law without first obtaining the written consent of Lessor.

21. FORCE MAJEURE. If either party hereto is delayed or interrupted in or prevented from the performance of such party's obligations hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, inclement weather, governmental laws or regulations, casualty, orders or directives of any legislative, administrative, or judicial body or any governmental department, inability to obtain any governmental licenses, permissions or authorities (despite commercially reasonable pursuit of such licenses, permissions, or authorities) (all or any of the foregoing being an "Event of Force Majeure"), such party shall not be liable to the other party therefor, and the time for the performance of such party's obligations shall be extended for a period equal to the duration of the contingency that occasioned the delay, interruption, or prevention.

22. INSPECTION AND RIGHT OF ENTRY. Lessor and its authorized representatives may at all reasonable times and upon reasonable notice to Lessee enter the Property and/or the State Lands to: (i) inspect the Property and or the State Lands; (ii) show the Property and/or the State Lands to prospective purchasers and mortgagees and, during the last nine months of the Term, prospective Lessees; (iii) post notices of non-responsibility or other protective notices available under applicable law; or (iv) exercise and perform Lessor's rights and obligations under this Lease Agreement, including, without limitation, all those activities listed in Section 2(a). Lessor may, in the event of any emergency, enter the Property and/or the State Lands without notice to Lessee. All of the foregoing activities shall be undertaken by Lessor at its sole cost and expense.

23. HOLDING OVER. Holding over by Lessee following the expiration or earlier termination of this Lease Agreement shall not constitute a renewal or extension, nor shall such holding ever grant to Lessee any additional rights not otherwise granted to Lessee pursuant to the terms and conditions of this Lease Agreement, except as otherwise provided by applicable law.

24. SURRENDER OF PROPERTY AND STATE LANDS. Lessee will peaceably surrender the Property and the State Lands to Lessor at the expiration or earlier termination of this Lease Agreement in substantially the same order, condition, and repair as delivered to Lessee, reasonable wear and tear excepted. Lessor and Lessee acknowledge that the purpose of this Lease Agreement is to provide Lessee with the ability to utilize the Property and the State Lands as a cattle ranch. Accordingly, notwithstanding any other provision of this Lease Agreement to the contrary, in the event that Lessee is for any reason required to vacate the Property and/or the State Lands (including, without limitation, due to a Lessee breach hereunder), Lessee shall have no less than twelve (12) months thereafter to remove Lessee's livestock from the Property and the State Lands (during which twelve month period Lessee shall proceed with all due diligence in connection therewith), and further provided, in no event shall Lessee be required to remove Lessee's livestock from the Property and/or the State Lands during any time of the year other than the fall of the year (September 1 through December 31); Lessor and Lessee each acknowledging that the removal of Lessee's livestock during any time of the year other than the fall of the year (September 1 through December 31) will not be feasible as it would result in tremendous and unconscionable harm to Lessee's livestock.

Furthermore, in the event that Lessee is for any reason required to vacate the Property and/or the State Lands (including, without limitation, due to a Lessee breach hereunder), upon removal of eighty percent (80%) of Lessee's livestock from the Property and the State Lands, and provided Lessee proceeds with all due diligence to remove the remainder of Lessee's livestock from the Property and the State Lands, Lessee shall no longer be obligated to pay Rent to Lessor; provided further, that Lessee shall in any event have removed all of Lessee's livestock from the Property and the State Lands no later than eighteen (18) months from the date that Lessee receives notice from Lessor that Lessee is required to vacate the Property and the State Lands.

25. APPLICABLE LAW. This Lease Agreement shall be construed in accordance with applicable Federal laws, and, to the extent not in conflict therewith, in accordance with the internal laws of the State of Arizona; provided, however that the foregoing shall in no event subject Lessor to the jurisdiction of the state courts of the State of Arizona.

26. LIMITED WAIVER OF SOVEREIGN IMMUNITY FOR PURPOSES OF AN ARBITRATION DECISION. For the limited purpose of an arbitration decision under this Agreement, and subject to the terms of paragraphs 26, 27, 28, and 29, Lessor consents and agrees to a limited waiver of its sovereign immunity from suit and consents to be sued on an

arbitration award within the limits of existing Navajo Nation law. The Navajo Nation, Lessor, represents that this limited waiver of sovereign immunity has been duly approved by the Navajo Nation's Tribal Council, as authorized by the Arbitration and Sovereign Immunity Acts of the Navajo Nation. The Navajo Nation, Lessor, is not waiving its right to assert the defense of sovereign immunity except as expressly set forth, referred to, and provided for, in this Agreement. The Parties agree that this section provides a limited waiver of sovereign immunity solely for the purpose of enforcing an arbitration decision rendered under this Agreement and for no other purpose.

27. **DISPUTE RESOLUTION.** In the event of a dispute, claim or controversy ("Dispute") arising out of or related to this Agreement, the Parties agree that it is in their mutual best interest to meet as promptly as possible for the purpose of informally resolving said Dispute. In the event the Parties cannot resolve their Dispute informally after attempting to work in good faith, the Parties hereto agree to abide by arbitration as set forth below and that an order compelling arbitration or a judgment enforcing the arbitration award shall be the only relief of any kind provided by the State or Tribal court.

28. **ARBITRATION.** If a party in good faith concludes that a Dispute arising out of or related to this Agreement is not likely to be resolved by informal dispute resolution then, upon notice by that Party to the other, said Dispute shall be finally and exclusively settled by submission of such Dispute to the American Arbitration Association ("AAA") under its then prevailing procedural rules contained in the AAA's Commercial Arbitration Rules to the extent that such rules shall not be interpreted to diminish, limit, or void any limited waiver of sovereign immunity set forth in this Agreement or to increase the enforcement rights of the Parties. Within ten (10) days after the notice of intent to arbitrate, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within ten (10) days of their appointment. The third arbitrator shall be a practicing attorney, actively engaged in the practice of law for at least ten (10) years and a member in good standing of the bar of the State of Arizona. Alternatively, the third arbitrator may be a retired judge of the federal court or the trial court of the State of Arizona. At least one of the arbitrators shall be knowledgeable with federal Indian law and one arbitrator shall have AAA-acknowledged expertise in the appropriate subject matter. By agreement of the parties, when the amount in controversy renders the cost of three arbitrators unreasonable, the parties may agree to select a single arbitrator to resolve a dispute. All arbitration proceedings shall be held in Maricopa County, or at such other place as shall be agreed by the Parties.

29. **AWARD.** The award shall be made within sixty (60) days of the filing of the notice of intent to arbitrate, and the arbitrators shall agree to comply with the schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the majority of the Parties or by the majority of the arbitrators, if necessary. Any award rendered in any such arbitration proceeding shall be final and binding upon all Parties to the proceeding. Any action to enforce the arbitration award must be filed within one hundred and eighty (180) days from the issuance of the award.

30. ENFORCEMENT. Judgement upon any award rendered by the arbitrators against the Nation may be entered in the Nation's tribal court system ("Tribal Court") or against the Lessee in the Arizona State Court System ("Court System") and interpreted and/or enforced pursuant to the terms of this Agreement, and/or pursuant to the terms of the AAA's Commercial Arbitration Rules, and/or pursuant to the terms and provisions of the statutes, rules and regulations governing or providing for interpretation or enforcement of judgments applicable in any State of Arizona or Navajo Nation court.

31. MISCELLANEOUS.

- (a) Any and all discussions and negotiations between Lessor and Lessee have been merged into this Lease Agreement. No rights are conferred upon either party until each party has executed this Lease Agreement. No representations or agreements by either of the parties (or their agents) made during negotiations occurring prior to the execution of this Lease Agreement, which representations are not contained in this Lease Agreement, shall be binding or enforceable upon either of the parties.
- (b) All terms and words used in this Lease Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Lease Agreement or any portion of this Lease Agreement may require, the same as if such words had been fully and properly written in the number and gender.
- (c) This Lease Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed original, but such counterparts together shall constitute but one and the same instrument.
- (d) Whenever Lessee may deduct costs from the Rent pursuant to any Section of this Lease Agreement, such Rent may be deducted from the next accruing rental payment(s) due.
- (e) Lessor and Lessee are not and shall not be considered joint ventures' nor partners and neither shall have power to bind or obligate the other except as set forth in this Lease Agreement.
- (f) Any legal proceedings initiated by reason of an alleged default of this Lease Agreement by Lessee must be commenced within one (1) year from the date Lessor received notice of such alleged default.
- (g) If any provision of this Lease Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement, or the application of such term or provision to persons whose circumstances are other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

- (h) No modification, alteration, or amendment of this Lease Agreement shall be binding unless in writing and executed by both parties hereto.
- (i) The headings to the Sections of this Lease Agreement are inserted only as a matter of convenience and for reference, and in no way confine, limit, or proscribe the scope or intent of any Section of this Lease Agreement, nor in any way affect this Lease Agreement.
- (j) This Lease Agreement shall be binding upon and inure to the benefit of the parties, any sublessees, and their heirs, administrators, executors, successors and assigns.
- (k) Time is of the essence in this Lease Agreement and each provision; provided, however, if the final (but not any interim) date of any period set forth herein falls on a Saturday, Sunday, or legal holiday under the laws of the United States of America, the final date of such period shall be extended to the next business day.
- (l) Nothing in this Lease Agreement shall be construed as a waiver of the sovereign immunity by the Navajo Nation, nor shall anything in this Lease Agreement be construed in a manner that would subject Lessee to the jurisdiction of a Navajo Nation Tribal Court.
- (m) It is necessary that both Lessor and Lessee shall be actively involved in and must approve of any and all future Landowner Relations Program cooperative Stewardship Negotiations, discussions, and Agreements for the Leased Properties' Habitat Improvement and other related matters with the Arizona Game and Fish Department and/or the State of Arizona. Lessor and Lessee shall in writing notify one another sufficiently in advance of all intended discussions, negotiations, and proposed agreements, which Lessor and Lessee must in writing approve.
- (n) Lessor and Lessee agree to arbitration for all unresolved disputes that may arise pursuant to this Lease. Such arbitration shall be governed by Paragraphs 26, 27, 28, 29, and 30 above.

[Signatures Appear On Following Page]

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Agreement to be executed as of the date first set forth above.

LESSOR:

THE NAVAJO NATION

By: _____
Russell Begaye, President

LESSEE:

CHOLLA LIVESTOCK LIMITED LIABILITY
COMPANY, an Arizona Limited Liability Company

By:  _____
Harvey Dietrich, Managing Partner

EXHIBIT B

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease Agreement") dated January 3, 2017, is made by and between THE NAVAJO NATION (Sublessor") and CHOLLA LIVESTOCK LIMITED LIABILITY COMPANY, an Arizona Limited Liability Company ("Sublessee").

RECITALS

A. WHEREAS, pursuant to that certain Grazing Lease with the State of Arizona dated March 6, 2006 (Grazing Lease No. 05-132) a copy of which is attached hereto and made a part hereof as Schedule 1 (the "State Lands Lease"), the State of Arizona has leased to the Navajo Nation approximately 238,034.380 acres (2,968.30 Animal Units), more or less, of real property (the "State Lands"); and

B. WHEREAS, Sublessee desires to sublet the State Lands from Sublessor.

C. NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Sublessor hereby subleases the State Lands to Sublessee for a term ending December 31, 2021 (the "Term"); provided, however, Sublessee may earlier terminate this Sublease Agreement subject to and in accordance with the provisions of this Section. To exercise such early termination right, Sublessee must deliver written notice to Sublessor of Sublessee's election to terminate this Sublease Agreement on or before the date that is twelve (12) months prior to the date of early termination. As used hereunder, the term "Term" means the initial term of this Sublease Agreement, as set forth above and, if applicable, any exercised extension period then in effect.

2. Provided Sublessee is not then in material, and uncured default hereunder, the Term of this Sublease Agreement may be extended for one (1) additional period of five (5) years commencing at midnight on the date on which the Term expires (the "Extension"). Sublessee may exercise such right of extension by delivering written notice of Lessee's exercise at least ninety (90) days prior to the expiration of the Term, subject to the provisions of Paragraphs 1 and 4 of the master Lease Agreement between the Sublessor and Sublessee of even date.

3. Sublessee agrees to pay to the State of Arizona, prior to delinquency, all grazing fees (as calculated pursuant to Arizona Revised Statutes § 37-285.B.) which are due or may become due under the State Lands Lease during the Term or, if applicable, the Extension. Sublessor shall pay all surcharge fees for the State Grazing Lease and this Sublease Agreement. Sublessee and Sublessor shall cooperatively obtain any further approvals required from the State of Arizona for authorization of this Sublease Agreement, pursuant to A.R.S. § 37-281.E. (Westlaw 2016).

4. Sublessor and Sublessee acknowledge that the purpose of this Sublease is to provide Sublessee with the ability to utilize the State Lands as a cattle ranch. Accordingly, notwithstanding any other provision of this Sublease to the contrary, in the event that Sublessee is for any reason required to vacate the State Lands (including, without limitation, due to a Sublessee breach hereunder), Sublessee shall have no less than twelve (12) months from the date that Sublessee receives notice from Sublessor that Sublessee is required to vacate the State Lands to remove Sublessee's livestock from the State Lands