

GRAZING LEASE

Between

WALKER RIVER IRRIGATION DISTRICT

and

DATED: _____

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THIS GRAZING LEASE effective this ____ day of _____, 2018, between WALKER RIVER IRRIGATION DISTRICT, herein referred to as "Lessor," and _____, herein referred to as "Lessee."

WHEREAS, Lessee is engaged in the business of raising livestock;

WHEREAS, Lessor owns certain real property located in Mono County, State of California, more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein; and

WHEREAS, Lessor desires to lease to Lessee and Lessee desires to lease from Lessor the grazing rights on the property described on Exhibit "A". Said property is hereinafter referred to as the "Leased Property."

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

ARTICLE I

Premises, Use and Term of Lease

Section 1.1 Subject to the provisions of Section 2.5 and Article XVI, Lessor hereby grants to the Lessee, and the Lessee hereby hires from the Lessor, for the term and upon the conditions and provisions hereinafter set forth, an exclusive right to graze Lessee's cattle on the Leased Property.

Section 1.2 The Leased Property shall be used for the sole purpose of grazing livestock thereon, for other purposes reasonably related thereto, including, without limitation, loading, sorting, working and treating livestock and for no other purpose. Grazing shall be limited to a maximum of 600 AUM's during the time period from May 15 through September 30 of each Lease Year. One AUM is defined as one cow and one calf. The calf must be born in the spring of the

current Lease Year.

Section 1.3 The term of this Lease shall commence at 12:01 a.m. on the ____ day of _____, 2018 (the "Commencement Date") and shall end at 11:59 p.m. on _____, 2018.

ARTICLE II

Consideration

Section 2.1 The consideration for the grazing rights granted hereby is _____ DOLLARS (\$_____) payable as provided in Section 2.2.

Section 2.2 The consideration provided in Section 2.1 shall be paid in equal annual installments of _____ DOLLARS (\$_____) For the first Lease Year, the consideration shall be paid upon the execution of this Lease. For the second Lease Year, the consideration shall be paid on _____, 2018.

Section 2.3 For the purpose of this Lease, the term "Lease Year" means the period beginning on the Commencement Date and ending on December 31, _____, and each twelve month period thereafter.

Section 2.4 Each payment of consideration under Section 2.2 will be made to the Lessor by the Lessee without demand, in good funds, at such place in the United States of America as may be designated in writing by the Lessor to the order of the Lessor or such other person as the Lessor may from time to time specify in writing. Until further notice by the Lessor, the Lessee shall pay all rent to the Lessor at P.O. Box 820, 410 North Main Street, Yerington, Nevada, 89447.

Section 2.5 Lessor reserves the right, without liability to Lessee and with no abatement

of rent, from time to time, to overflow, flood, submerge and spread water upon all or any portion of Leased Property for storage of water in Bridgeport Reservoir on the East Walker River. Lessee shall not graze livestock below the elevation of 6460 as depicted on the map set forth as Exhibit A. Lessee shall provide barrier fencing at the elevation of 6460 to prevent livestock from entering lands located below that elevation.

ARTICLE III

Option to Renew

Section 3.1 If not in default on any of its obligations under this Lease, the Lessee will have the option to renew this Lease at its expiration for an additional term of 3 years (the "Renewal Term"). With the exception of a 3 year lease term as opposed to a 2 year lease term, the terms and conditions during the Renewal Term shall be the same as the terms and conditions present in this Lease. The consideration for the grazing rights granted during the Renewal Term shall be _____ DOLLARS (\$_____).

Section 3.3 The Renewal Term shall be exercisable by written notice from the Lessee to the Lessor given at least ninety (90) days prior to the expiration of the initial term of this Lease.

Section 3.4 In the event the Renewal Term does not commence, whether due to Lessee's failure to give a timely notice or otherwise, any and all options to extend or renew this Lease shall automatically become invalid and of no further force or effect.

ARTICLE IV

Operation

Section 4.1 Lessee shall graze the Leased Property in a manner consistent with good grazing and animal husbandry practices. All livestock grazed shall be vaccinated against all diseases endemic in both the place of origin of the cattle and in Mono County, California.

Section 4.2 Lessee shall be responsible for any and all improvements, repairs, maintenance and expense required to irrigate the Leased Property and for all repairs, maintenance and expense in connection with fences enclosing the Leased Property and the barrier fencing set forth in Section 2.5 of this Lease. All such improvements shall become the property of Lessor on termination of this Lease.

Section 4.3 No livestock, other than the Lessee's livestock shall be allowed on the Leased Property during the term of this Lease without the prior written consent of Lessor. Lessor may withhold its consent under this Section for any reason.

ARTICLE V

Utility and Other Payments

Section 5.1 Lessee agrees to promptly pay and discharge and hold Lessor harmless from any and all expenses and fees incurred for use of water, fuels, electricity, and any and all other utilities and services incurred in Lessee's use and occupancy of the Leased Property.

Section 5.2 Lessor shall pay all real property taxes of whatsoever kind or nature assessed on the property the subject of this Lease.

ARTICLE VI

Condition and Maintenance of Premises

Section 6.1 Lessee shall graze the Leased Property in a manner which complies with applicable laws, regulations and court decrees.

Section 6.2 Lessee shall, at his expense, maintain the grazing on the Leased Property in a manner consistent with good ranching practices. Lessee shall, at his expense, undertake such maintenance as is necessary to keep the Leased Property and the improvements thereon, including, without limitation, fences in good repair, and shall at all times during the term of this Lease maintain the Leased Property in a manner which complies in all material respects with all laws and regulations of all governmental authorities having jurisdiction over it.

ARTICLE VII

Alterations and New Construction

Section 7.1 Lessee may not construct or demolish improvements on the Leased Property without the prior written consent of Lessor.

Section 7.2 Lessee will pay all costs of alterations, construction and demolition permitted under this Article during the term of this Lease. All payments will be made in time to prevent the imposition of any workman's or materialman's lien upon the Leased Property or, if a workman's or materialman's lien is imposed upon the Leased Property because of a claim which the Lessee is contesting, the Lessee will obtain a bond sufficient to cause the discharge of the lien.

ARTICLE VIII

Eminent Domain

Section 8.1 Should the Leased Property or any portion thereof be taken for public use by right of eminent domain with or without litigation, any award for compensation and/or damages, whether attained by agreement prior to or during the time of trial, or by judgment or verdict after trial shall be distributed to Lessor.

Section 8.2 If any taking is such that the property remaining would not be economically and feasibly useable by Lessee for the purpose of grazing the livestock hereunder, Lessee may on notice, terminate this Lease and all rent shall abate from the date of any such taking.

ARTICLE IX

Insurance

Section 9.1 At all times during the term of this Lease, the Lessee will, at his own cost and expense keep in force general public liability insurance naming the Lessor and the Lessee as insureds in the amount of \$500,000.00.

Section 9.2 All insurance will be with companies rated at least AA in Best's Key Rating Index and authorized to do business in the State of California. To the extent obtainable each policy under which insurance coverage is obtained in order to comply with this Article will provide that it may not be canceled without thirty (30) days' prior written notice to the Lessor. If such a provision cannot be obtained, the Lessee will, at the request of the Lessor, provide the Lessor with proof of each premium payment made with regard to each policy when the payment is made.

Section 9.3 If there is a loss, the Lessor and the Lessee will cooperate in efforts to recover any insurance proceeds which may become due.

Section 9.4 Within thirty (30) days after the Commencement Date and thereafter at least

ten (10) days prior to the expiration date of any expiring policy of insurance maintained to meet the requirements of this Lease, the Lessee will furnish the Lessor a certificate or memorandum of each policy of insurance maintained to comply with this Article.

ARTICLE X

Indemnification of Lessor

Section 10.1 The Lessee will indemnify the Lessor against, and hold the Lessor harmless from, (i) any and all claims arising from Lessee's use or management of the Leased Property or from any work or other things done by the Lessee on the Leased Property during the term of this Lease, (ii) any and all claims for loss or damage arising during the term of this Lease from the condition of any of the Leased Property arising from any cause except the willful act of Lessor's agents, contractors, servants or employees, and (iii) all liabilities, costs and expenses, including reasonable attorneys' fees, incurred in connection with any such claim or any action or proceeding brought with regard to any such claim. If any action or proceeding is brought against the Lessor by reason of any such claim, the Lessor will promptly notify the Lessee of the commencement of the action or proceeding and will offer the Lessee the opportunity to assume the defense of the action or proceeding.

ARTICLE XI

Default

Section 11.1 Subject to the provisions of any applicable law in effect at the time each of the following events will be an event of default under this Lease:

- (a) The Lessee fails to pay any consideration required by Article II by the later

of (i) ten (10) days after it is due or (ii) five (5) days after notice from the Lessor, except that if in any calendar year the Lessor gives two notices of default in payment, any subsequent failure in that calendar year to pay rent within ten (10) days after it is due will be an event of default without any notice from the Lessor.

(b) The Lessee fails to perform or comply with any of the other terms, covenants, agreements or conditions contained in this Lease and the failure continues for more than fifteen (15) days after the Lessor notifies the Lessee in writing of the failure, except that if the failure cannot be cured within fifteen (15) days, there will not be an event default if within the fifteen (15) day period the Lessee begins to cure the failure, and thereafter the Lessee proceeds diligently to cure it. Provided, however, there shall be no grace period for a failure to perform the duty imposed on the Lessee by Section 8.1

(c) The Lessee files or consents to the filing of any petition seeking debtor's relief or a petition seeking relief is filed against the Lessee and not dismissed within sixty (60) days.

Section 11.2 If there is an event of default under this Lease (regardless of the pendency of any proceeding which has or might have the effect of preventing the Lessee from complying with the terms of this Lease), the Lessor may at any time while the situation which constitutes an event of default continues, exercise any one or more of the following remedies:

(a) The Lessor may terminate this Lease by a notice in writing to the Lessee on a date (the "Early Termination Date") specified in the notice (which may be the date the notice is given), without any right by the Lessee to reinstate his rights by paying any sum which is due or otherwise curing the situation which constituted an event of default. On the Early Termination

Date the term of this Lease will terminate as fully and with the same effect as if that were the last day of the term of this Lease specified in Articles I, the Lessee shall immediately surrender possession of the Leased Property to the Lessor, the Lessee will have no further rights under this Lease, and the Lessor will immediately become entitled to receive damages from the Lessee equal to the difference between (i) the aggregate consideration for the balance of the term (not including subsequent renewal periods), and (ii) the fair net lease rental value of the grazing on Leased Property for the balance of the term. In addition, upon termination of this Lease under this subsection, the Lessor will be entitled to recover from the Lessee (i) any cost of repairing the Leased Property to the condition it is required to be kept hereunder, normal wear and tear excepted, less any insurance or other proceeds available to the Lessor for that purpose, (ii) all sums due up to the Early termination Date, and (iii) any reasonable costs, including but not limited to reasonable attorneys' fees, incurred by the Lessor in recovering possession of the Leased Property.

(b) With or without terminating this Lease, as the Lessor may elect, the Lessor may reenter and repossess the Premises and lease it to any other person upon such terms as the Lessor may deem reasonable, for a term or terms which may be longer or shorter than the term of this Lease. Any reletting with regard to periods prior to the termination of this Lease will be for the account of the Lessee. The Lessee will remain liable for (i) all consideration and other sums which would be payable under this Lease by the Tenant in the absence of the repossession, less (ii) the net proceeds, if any, of any reletting effected for the account of the Lessee, after deduction all the Lessor's expenses in connection with the reletting (including, but not limited to, repossession costs, brokerage commissions, reasonable attorneys' fees and other legal expenses, employee expenses,

and other expenses of preparation for reletting).

Section 11.3 If the Lessor terminates this Lease or relets the Leased Property as provided in subsections (a) and (b) of Section 10.2, the Lessee may remove the Tenant, all persons claiming under the Tenant, and their respective property, from the Premises, and store that property in a public warehouse or elsewhere at the cost of, and for the account of, the Lessee, without service of notice or resort to legal process (all of which the Lessee expressly waives) and without being deemed guilty of trespass or becoming liable for any resulting loss, damage or injury.

Section 11.4 The Lessee waives, for himself and all persons claiming under or through him, all rights under present or future law to redeem any portion of the Leased Property or otherwise reinstate this Lease if the term of this Lease is terminated or the Lessee takes possession of the Leased Property in accordance with this Article X.

Section 11.5 The remedies in this Article X are intended to be cumulative, except that the remedy in Section 10.2(a) is exclusive of any other remedy. No remedy made available to the Lessor in this Article X is intended to preclude the Lessor from using any other remedy provided in this Lease or by law.

Section 11.6 No waiver by the Lessor of, or failure of the Lessor to seek a remedy for, any breach by the Lessee of any of his obligations under this Lease will be a waiver of any subsequent or continuing breach of that or any other obligation.

ARTICLE XII

Assignment, Subleases, Transfers or Encumbrances

Section 12.1 Neither this Lease nor any interest herein, whether legal or equitable may be

assigned, alienated, pledged or hypothecated in whole or in part, voluntarily or by operation of law, or the Leased Property may not be sublet in whole or in part without the written consent of Lessor.

ARTICLE XIII

Termination of Lease

Section 13.1 Upon the termination of this Lease, whether by lapse of time or otherwise, the Lessee will surrender the Leased Property to Lessor in the condition in which it is required to be maintained hereunder.

ARTICLE XIV

Bankruptcy

Section 14.1 If at any time during the term of this Lease there shall be filed by or against Lessee in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Lessee's property, or if Lessee makes an assignment for the benefit of creditors or petitions for, or enters into, an arrangement (any of which are referred to herein as "a bankruptcy event"), then the following provisions shall apply:

- (a) In all cases any debtor in possession or trustee in bankruptcy shall either expressly assume or reject this Lease within the time provided in 11 U.S.C. 5365(d).
- (b) In the event of an assumption of the Lease by a debtor or by a trustee, such debtor or trustee shall immediately after such assumption (i) cure any default or provide adequate assurance that defaults will be promptly cured; and (ii) compensate Lessor for actual pecuniary loss; and (iii) provide adequate assurance of future performance.

(c) Where a default exists in the Lease, the trustee or debtor assuming the Lease may not require Lessor to provide services or supplies incidental to the Lease before its assumption by such trustee or debtor, unless Lessor is compensated under the terms of the Lease for such services and supplies provided before the assumption of such Lease.

(d) Subject to the provisions of Article XI, the debtor and trustee may only assign this lease if: (i) it is assumed and (ii) adequate assurance of future performance by the assignee as provided, whether or not there has been a default under the Lease.

(e) Lessor specifically reserves any and all remedies available to Lessor in this Lease or at law or in equity in respect of a bankruptcy event by Tenant to the extent such remedies are permitted by law.

ARTICLE XV

Miscellaneous

Section 15.1 Subject to the provisions of Article XI, this Lease will inure to the benefit of the Lessor, Lessee, the Lessor's successors and assigns and the Lessee's successors and assigns.

Section 15.2 Except as specifically provided in Section 3.3, whenever the approval or consent of the Lessor or the Lessee is required for any purpose under this Lease, that approval or consent will not be unreasonably withheld or delayed. Without limiting the foregoing, if any approval or consent is requested by either party, unless the consenting party notifies the requesting party within sixty (60) days that it will not grant the approval or consent, the consenting party will be deemed to have given the approval or consent on the 61st day.

Section 15.3 This Lease will be governed by, and construed under, the laws of the State of

Nevada.

Section 15.4 The captions of the Articles of this Lease are for convenience only and in no way affect the construction of the terms and conditions of this Lease.

Section 15.5 This Lease contains the entire agreement between the parties hereto and there are no promises, agreements, conditions, undertaking, or warranties, or representations, oral or written, express or implied, between them other than as herein set forth. No change or modification of this Lease or of any of the provisions hereof shall be valid or effective unless the same is in writing and signed by the parties hereto. No alleged or contended waiver of any of the provisions of this Lease shall be valid or effective unless in writing signed by the party against whom it is sought to be enforced.

Section 15.6 All notices and other communications required or permitted to be given by the Lessor or the Lessee must be in writing and will be deemed given on the day when delivered in person or on the third business day after the day on which mailed from within the United States of America by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

IF TO THE LESSOR:

General Manager
Walker River Irrigation District
P.O. Box 820
410 North Main Street
Yerington, Nevada 89447

IF TO THE LESSEE:

or to such other place as the Lessor or the Lessee may from time to time designate in a written

notice to the other.

Section 15.7 Any holding over by mutual consent after expiration of the term of this Lease and without execution of a new Lease shall be construed as a month-to-month tenancy subject to all of the provisions of this Lease.

Section 15.8 In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover the fees of its attorneys, costs of experts, deposition costs and other costs of suit, in such action or proceeding, including costs of appeal, if any.

Section 15.9 This Lease may be executed in counterparts, all of which will constitute one and the same agreement.

Section 15.10 The Lessor and the Lessee each represents and warrants to the other that no person has acted as a broker or finder or in a similar capacity in connection with this Lease or the transaction embodied in it. The Lessor hereby indemnifies the Lessee, and the Lessee hereby indemnifies the Lessor, against, and each of them agrees to hold the other harmless from, any liabilities, costs or expenses (including reasonable attorneys' fees) by reason of any claim for broker's, finder's or similar fees arising out of services allegedly performed for the indemnifying party.

Section 15.11 The rights and privileges of the Lessor under this Lease will be cumulative, and no one of them will preclude the Landlord from taking advantage of any other of them. Neither the Lessor nor the Lessee will have any rights not expressly granted in this Lease.

Section 15.12 The Lessor may at any reasonable time or times enter upon the Leased

Property to inspect and photograph them and take any measures which may be essential for the protection and maintenance of the Leased Property or of any other property owned or operated by Lessor.

Section 15.13 Nothing in this Lease shall be deemed or construed to constitute an agency, partnership or joint venture between Lessor and Lessee.

Section 15.14 Lessor hereunder shall have the right to freely assign this Lease upon notice to the Lessee provided such assignment is subject to this Lease.

Section 15.15 If any provision of this Lease or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 15.16 No failure by Lessor to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease to be kept, observed or performed by Lessee, and no failure by Lessor to exercise any right or remedy available upon a breach of any such term, covenant, agreement, provisions, condition or limitation of this Lease, shall constitute a waiver of any such breach or of any such term, covenant, agreement, provision, condition, or limitation.

Section 15.17 Except as expressly provided in this Lease, each requirement that a sum be paid or an act performed by a specified date is an essential term of this Lease.

Section 15.18 Tenant hereby agrees that it will, at its expense, comply with all applicable laws, regulations, rules and orders, regardless when they become or became effective relating to

Tenant's use and occupancy of the Leased Property, including without limitation those relating to health, safety, noise, environmental protection, waste disposal, and water and air quality and furnish satisfactory evidence of such compliance upon request of Lessor. Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Leased Property due to Lessee's use and occupancy thereof, Lessee, at its expense, shall be obligated to undertake such measures as shall be required by Lessor and any governmental body having jurisdiction to eliminate and/or mitigate the affects thereof. Lessee shall not bring onto the Leased Property any hazardous materials or toxic chemicals, substances, mixtures, wastes, contaminants or pollutants within the meaning of any Environmental Laws. Lessee agrees to indemnify, defend and hold harmless Lessor from and against any and all claims that are asserted against or incurred by Lessor as a result of the presence at, on or under the Leased Property of any Hazardous Material brought to the Leased Property by the Lessee, or as a result of any discharge, leakage, spillage, emission, or pollution of any type occurring upon or from the Leased Property due to Lessee's use and occupancy thereof, or as a result of any violations of Environmental Laws by Lessee.

The term "**Environmental Laws**" shall include, without limitation, the Clean Air Act, 42 U.S.C. §7401 et. seq.; the Clean Water Act, 33 U.S.C. §1251 et. seq., and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. §136 et. seq.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. §1401 et. seq.; the National Environmental Policy Act, 42 U.S.C. §4231 et. seq.; the Noise Control Act, 42 U.S.C. §4901 et. seq.; the Occupational Safety and Health Act, 29 U.S.C. §651 et. seq.; the Resource Conservation and Recovery Act ("RCRA") 42 U.S.C. §6901 et. seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. §300f et. seq.; the

Comprehensive Environmental Response, Compensation and Liability Act "CERCLA"), 42 U.S.C. §9601 et. seq., as amended by the Superfund Amendments and Reauthorization Act, and the Emergency Planning and Community Right-to-Know Act; the Toxic Substance Control Act ("TSCA"), 15 U.S.C. §2601 et. seq.; and the Atomic Energy Act, 42 U.S.C. §2011 et. seq.; all as may be amended, with implementing regulations and guidelines. Environmental Laws shall also include all state, regional, county, municipal and other local laws, regulations and ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate Hazardous Materials.

The term "Hazardous Materials" shall include, without limitation, any hazardous substance, pollutant, or contaminant regulated under CERCLA; oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable for fuel; pesticides regulated under FIFRA; asbestos, polychlorinated biphenyls, and other substances regulated under TSCA; source material, special nuclear material, and byproduct materials regulated under the Atomic Energy Act; and industrial process and pollution control wastes to the extent regulated under applicable Environmental Laws.

The term "Claims" shall include, without limitation, any demand, cause of action, proceedings, or suit for damages (actual or punitive), injuries to persons or property, damages to natural resources, fines, penalties, interest, losses, or the costs of site investigations, feasibility studies, information requests, health assessments, contribution, settlement, actions to correct, remove, remedies, respond to, clean up, prevent, mitigate, monitor, evaluate, assess, or abate the release of a Hazardous Material, or enforcing insurance, contribution, or indemnification agreements.

Section 15.19 Lessee will not create or permit to exist any lien or other encumbrance on the Leased Property resulting from any acts or omissions by the Lessee. If as a result of the failure of the Lessee to pay any amount which the Lessee is required by this Lease to pay, to make any payment to a contractor or subcontractor which the Lessee is required by this Lease to make, or to make any other payment a lien is placed upon the Leased Property, the Lessor may, but will not be required to, pay such sum as is required to obtain discharge of the lien, or obtain the discharge of the lien by deposit or bonding. If the Lessor does that, the Lessee will pay the Lessor, promptly on demand as additional rent under this Lease, the entire sum spent by the Lessor plus the Lessor's reasonable expenses, including reasonable attorneys' fees in connection with obtaining discharge or the lien.

ARTICLE XVI

Reservation of Possession and Use

Section 16.1 Notwithstanding any other provision of this Lease, Lessor reserves the right to possess and use the Leased Property for any purpose which does not unreasonably interfere with Lessee's grazing of livestock thereon. It is agreed that geothermal, mineral and oil and gas exploration does not unreasonably interfere with Lessee's grazing of cattle.

Section 16.2 Notwithstanding any other provision of this Lease, Lessor reserves the right to use any and all existing easements, servitudes, ways, water ways, and ditches on the Leased Property; to make inspections, investigations and surveys thereon; to construct, maintain and operate thereon works and structures in connection with Lessor's management and control of its works and properties.

Section 16.3 Notwithstanding any other provisions of this Lease, Lessor shall have the

right to ingress and egress to, from, in and over, and entry upon the Leased Premises, and thereon to do all things necessary or convenient in the exercise of the rights herein reserved.

IN WITNESS WHEREOF, the Lessor and Lessee have executed this Lease on the date and year first written above.

LESSOR:

LESSEE:

WALKER RIVER IRRIGATION DISTRICT

By: _____
Its: _____

By: _____

By: _____

DRAFT