

## GRAZING LEASE

This Grazing Lease (this "Lease") is made and entered into by and between \_\_\_\_\_, the ("Lessor"), and \_\_\_\_\_, the ("Lessee").

In consideration of the mutual covenants and agreements set forth in this Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed by Lessor and Lessee, Lessor does hereby demise and lease to Lessee, and Lessee does hereby lease from Lessor, that certain tract of land situated in Harris County, Texas, containing approximately 80 acres more particularly described on Exhibit A attached hereto and made a part hereof for all purposes (the "Premises").

1. TERM. This Lease shall be for a term of one year commencing on January 1, 2007, and may be terminated by either party upon at least thirty (30) days' prior written notice to the other party.

2. RENT. Lessee agrees to pay to Lessor the sum of \$\_\_\_\_\_ per month, payable on or before the first day of each calendar month during the term of this Lease. Rent for any partial month at the beginning or end of the term of this Lease shall be prorated.

3. NO HAZARDOUS MATERIALS. Lessee shall not permit any Hazardous Materials (as such term is hereinafter defined) to be brought onto, stored in, used in, or disposed of in, on, under or about the Premises except in such quantities as are found in materials used in connection with the operation of Lessee's permitted business on the Premises and which comply with and are handled, used and disposed of in compliance with Applicable Law. As used herein "Hazardous Materials" means (a) any petroleum or petroleum products, radioactive materials, asbestos, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls, and radon gas, (b) any chemicals, materials, or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under applicable law, and (c) any other chemical, material or substance which is in any way regulated by applicable law.

4. USE OF PREMISES. Lessee shall use the Premises solely for the purposes of grazing cattle and harvesting hay during the term of this Lease, as a reasonably prudent rancher and farmer, and shall use the Premises for no other purpose. Lessee shall not make any alterations, additions, or improvements to the Premises without the prior written consent of Lessor.

5. MAINTENANCE, REPAIR, AND SURRENDER. At the termination of this Lease, Lessee shall surrender and deliver the Premises to Lessor, or its successors and assigns, in a state of repair and condition comparable to the state of repair and condition of the Premises at the time Lessor delivered possession thereof to Lessee, reasonable wear and tear excepted. Specifically, without limitation, any damage to fences occurring during the course of this Lease shall be repaired by Lessee. Lessor shall have no obligation whatsoever to perform any maintenance, repairs or other services in connection with the Premises or this Lease.

6. UTILITIES; TAXES. Lessee shall pay the charges for utilities used by Lessee at the Premises directly to the provider or providers thereof. Lessor shall have no liability or responsibility whatsoever with regard to the existence of, provision of or payment for utilities. Lessor shall pay and fully discharge all taxes, including, without limitation, all ad valorem taxes, special assessments, and governmental charges of every character imposed during the term of this Lease on the Premises and any of Lessor's property located thereon, provided, however, that Lessee shall pay and fully discharge all taxes, special assessments, and governmental charges of every character imposed during the term of this Lease on any fixtures, appliances, livestock, and other personal property placed by Lessee in, on or about the Premises.

7. INSURANCE AND WARRANTY. Throughout the term of this Lease, Lessee shall carry and maintain, at Lessee's sole cost and expense, commercial general liability insurance of an "occurrence" type against all claims arising out of liability of Lessee for injury to persons or property occurring in or about the Premises or arising out of the use or occupancy thereof, with limits of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence and One Million and No/100 Dollars (\$1,000,000.00) as a general aggregate. Lessee's commercial general liability insurance shall include Broad Form Property Damage, Personal Injury Liability Insurance with a limit of One Million and No/100 Dollars (\$1,000,000.00) per occurrence and Blanket Broad Form Contractual Liability Insurance. Lessee shall, if Lessee so elects, carry fire and extended coverage insurance covering Lessee's personal property situated in the Premises in such amounts as Lessee may elect in Lessee's sole and absolute discretion. All policies of insurance described in this Section 7 or otherwise required to be obtained pursuant to this Lease shall be issued in form acceptable to Lessor by insurance companies acceptable to Lessor and admitted to conduct casualty insurance business in the state where the Premises is located. All such policies of insurance shall name Lessor as an additional insured. Lessee shall indemnify, defend and hold harmless Lessor and Lessor's directors, officers or employees, from and against all claims, demands, liabilities, losses, costs, damages or expenses (including,

without limitation, attorneys' fees, accountants' fees, court costs and interest) resulting or arising from any and all injuries to, including death of, any person or damage to any property caused by the occupancy of the Premises by Lessee and/or the acts or omissions of Lessee or Lessee's agents, employees, or contractors. Lessor shall not be liable to Lessee for any inconvenience or loss to Lessee in connection with any repair, maintenance, damage, destruction, restoration, or replacement of the Premises. Lessor shall not be obligated to insure any of Lessee's goods, supplies, inventory, furniture, equipment or otherwise be liable for any damage to or destruction of any of the foregoing.

8. WAIVER OF SUBROGATION. Anything in this Lease to the contrary notwithstanding and to the extent permitted by applicable law, each party hereto hereby releases and waives all claims, rights of recovery, and causes of action that either such party or any party claiming by, through, or under such party (including each party's insurers) by subrogation or otherwise may now or hereafter have against the other party or any of the other party's directors, officers, employees, or agents for any loss or damage that may occur to the Premises, or any of the contents of any of the foregoing by reason of force majeure or any other cause, excluding willful misconduct, but including negligence of the parties hereto or their directors, officers, employees, or agents, that is insured against or would have been insured against had the party suffering such loss maintained the insurance required by this Lease. **IT IS THE EXPRESS INTENTION OF LESSOR AND LESSEE THAT THE INDEMNIFICATIONS AND WAIVERS CONTAINED IN THIS SECTION 8 APPLY TO ALL MATTERS DESCRIBED HEREIN, INCLUDING, WITHOUT LIMITATION, ANY OF THE SAME THAT ARE CAUSED IN WHOLE OR IN PART BY THE SOLE OR CONCURRENT NEGLIGENCE OF LESSOR OR LESSOR'S RELATED PARTIES OR LESSEE OR LESSEE'S RELATED PARTIES.**

9. DEFAULT. In the event Lessee fails to perform any or all of its obligations set forth in this Lease, Lessor may elect either one or both of the following described remedies:

- (a) Lessor may terminate this Lease and repossess the Premises; or
- (b) Lessor may pursue any other remedy now or hereafter available to Lessor under applicable law.

10. MECHANIC'S LIENS. Lessee shall not permit any mechanic's liens to be filed against the Premises or Lessee's leasehold interest therein, and Lessee shall cause any such liens arising or alleged to arise as a result of Lessee's activities in the Premises to be paid and released of record without cost to Lessor within thirty (30) days following delivery by Lessor to Lessee of written notice regarding the existence of any such lien.

11. INSPECTION BY LESSOR. Lessor and Lessor's agents and representatives shall have the right to enter into and on the Premises at any reasonable time for the purpose of inspecting, maintaining and making repairs or alterations to the

Premises, or any other purpose necessary to protect Lessor's interest in the Premises or to perform Lessor's duties, if any, under this Lease.

12. ASSIGNMENT AND SUBLEASE. Lessee may not assign this Lease or sublet any portion of the Premises without the prior written consent of Lessor.

13. ACCEPTANCE OF PREMISES; DISCLAIMER. LESSOR AND LESSEE RECOGNIZE, STIPULATE, AND AGREE THAT LESSEE HAS ACCEPTED THE PREMISES IN ITS CURRENT "AS-IS", "WHERE-IS" CONDITION AND WITH ALL FAULTS AND WITHOUT ANY WARRANTY, REPRESENTATION, EXPRESSED OR IMPLIED, CONCERNING THE CONDITION OR CHARACTERISTICS OF THE PREMISES. WITHOUT LIMITING THE FOREGOING, LESSOR MAKES NO REPRESENTATION OR WARRANTY CONCERNING THE CONDITION OF THE PREMISES, THE FITNESS OF THE PREMISES FOR THE OPERATION OF LESSEE'S BUSINESS, THE FITNESS OF THE PREMISES FOR A PARTICULAR PURPOSE, OR THE FITNESS OF THE PREMISES FOR ANY PURPOSE.

14. MISCELLANEOUS.

(a) All notices and correspondence under this Lease shall be given by certified or registered mail to the parties hereto at the following addresses:

If to Lessor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Lessee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) This Lease shall be binding upon, and inure to the benefit of, the parties to this Lease and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

(c) In the event any one or more of the provisions contained in this Lease shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Lease.

(d) This Lease shall constitute the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, written and oral, between the parties hereto, and no amendment, modification, or alteration of the terms hereof shall be binding upon the parties hereto unless the same shall be in writing, dated subsequent hereto, and duly executed by both Lessor and Lessee.

(e) This Lease and the rights and obligations of the parties hereto shall be interpreted, construed, and enforced in accordance with the internal laws of the state in which the Premises is located, without regard to the conflicts of laws principles thereof.

(f) Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating a relationship between the parties hereto other than the relationship of Lessor and Lessee.

(g) The article and section headings used throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Lease.

(h) Time is of the essence with respect to all obligations to be performed hereunder.

(i) In the event that either Lessor or Lessee shall file any proceeding in connection with this Lease, the prevailing party shall be entitled to obtain its attorneys' fees, accountants' fees, court costs, and interest from the other party.

This Lease is executed effective this \_\_\_\_ day of \_\_\_\_\_, 2007.

LESSOR:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

LESSEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit A

**[Property Description to be attached]**