

III. The total consideration to be paid by Lessee to Lessor at Sonora, Sutton County, Texas, for the lease term beginning **February 1, 2010 to February 1, 2015**. This lease shall utilize a progressive structure and shall increase each year of the contract term as described below. For example, 2010 would represent February 1, 2010 – February 1, 2011.

2010.....\$7.00/acre, or exactly \$30,100
2011.....\$7.25/acre, or exactly \$31,175
2012.....\$7.50/acre, or exactly \$32,250
2013.....\$7.75/acre, or exactly \$33,325
2014.....\$8.00/acre, or exactly \$34,400

All Payments shall be due prior to general deer season per leased year, with exception of first payment due at contract signing, as follows:

December 15.....25% of lease agreement
March 15.....25% of lease agreement
June 15.....25% of lease agreement
September 15.....25% of lease agreement

Failure to provide payments within **ten days** after each payment due date will result in a **penalty of \$500**. Any payment not received within 30 days of invoice date will result in contract termination with penalties accessed. (see Termination Reimbursement Clause)

IV. **Termination Reimbursement Clause**

This contract is final, and no refunds shall be made should the lessee(s) decide not to use ranch for hunting purposes. Lessee is responsible for the entire current lease contract payments regardless of when the contract is terminated. If lessee notifies lessor prior to December 1 of any contract year, lessee may terminate contract with a monetary penalty equal to the remaining lease payments due for that contract year through the period ending January 15 plus \$5,000. If notified after December 1 of any contract year, lessee may terminate contract with a monetary penalty equal to the remaining lease payments due for that contract year through the period ending January 15 plus \$8,000. Again, regardless of when notice is given, the entire contract year's lease payments are due at contract termination in addition to the \$5,000/\$8,000 penalty. Notification shall be either a certified letter with written acknowledgement from lessor.

V. **Assignment of Agent** – The purpose of assigning an agent for the lessee(s) listed in this contract is to allow one lessee(s) to speak for, transact business for, and act as the responsible lessee(s) for the entire group. Should any problems arise, the agent will be the first, and possible only, lessee(s) approached. The Lessee Agent for this contract is _____.

By the Leasing Agent signing this contract, each lessee(s) of this contract accepts this lease agreement and willfully enters into this contract. Should any difficulty arise from these terms, the Agent for the contract lessee(s) _____ assumes responsibility for the hunter(s). The leasing agent may sign this contract before a notary public, and upon doing so sets forth this contract in motion.

VI. **Lessee agrees to—**

1. Lease the premises for the term, subject to Lessor's right to engage in its ranching and business operations.
2. Accept the leased premises in its present condition "as is," and Lessee agrees that the leased premises are suitable for Lessee's intended use and purpose.
3. Be solely responsible for the operation, maintenance, inspection and safety of the entire electrical, plumbing and fuel gas supply system utilized by Lessee in all facilities and appurtenances thereto.
4. Pay, as listed above, the consideration due for this lease.
5. Pay all other sums due under this lease.
6. Pay for all utility services (i.e. electrical, telephone, television, propane etc.) used by Lessee.
7. Pay all taxes on Lessee's personal property located on the leased premises.
8. Allow Lessor to enter the leased premises (including the hunting cabin) to perform Lessor's obligations and inspect the premises.
9. Repair, replace, and maintain any part of the premises (including the hunting cabin) that Lessor is not obligated to repair, replace, or maintain, normal wear excepted.
10. Submit in writing to Lessor any request for repairs, replacement, and maintenance that are the obligation of Lessor.
11. Hunt and shoot game only in the manner and at such times as is permitted under applicable state and federal laws.
12. Keep all gates on the premises closed and locked, ingress to and egress from the leased premises being at those places designated by Lessor.
13. Vacate and remove all hunting equipment, trailers, blinds, feeders etc. from the premises on termination of this lease.
14. Police and keep the leased premises free of trash, rubbish or debris, **cigarette butts**, and to remove all unburnable trash including bottles, cans, appliances etc. from the leased premises.
15. Reimburse Lessor promptly for any damage to the leased premises or to Lessor's livestock, if caused by Lessee or Lessee's guests, invitees or agents.
16. Drive only on established ranch roads and not drive on roads in exceptionally wet conditions.
17. Hunt out of blinds or by walking only.

18. Maintain a year-round game feed program.
19. Place pens around all feeders made of 4x4 panels (no barb-wire)
20. Repair or remove blinds and/or feeders that are not used, abandoned or in need of repair at the end of the fall deer season, cleaning up these areas to original state.

Lessee agrees not to–

1. Use the leased premises for any purpose other than that stated in the lease terms.
2. Create or allow a nuisance or permit any waste or injury to the premises or the crops or livestock thereon.
3. Change Lessor's lock system.
4. Alter the premises (including the hunting cabin) without Lessor's written permission.
5. Allow a lien to be placed on the leased premises.
6. Assign this lease or sublease any portion of the leased premises.
7. Bring any dog, cat, or other domestic animal nor any motorcycle on the leased premises.
8. Because of the hazard of fire to the ranch lands, make a fire in other than an approved receptacle and only in appropriate weather conditions using utmost care and safety.
9. Hunt within a three hundred (300) yard radius of any hunting cabin or premises utilized for residential use.
10. Conduct any varmint hunting, without consent of Lessor..
11. Climb, hunt from or otherwise use any windmill located on the leased premises.
12. Hunt out of motorized vehicles.
13. Hunt within a two hundred (200) yard radius of any livestock or wildlife watering facility.

Lessor and Lessee agree to the following:

1. Alterations. Any physical additions or improvements to the premises made by Lessee will become the property of Lessor. Lessor may require that Lessee, at Lessee's cost, remove any physical additions and improvements, repair any alterations, and restore the premises to the condition existing at the commencement date, normal wear excepted.

2. Abatement. Lessee's covenant to pay the annual rental and Lessor's covenants are independent. Except as otherwise provided, Lessee shall not be entitled to abate rent for any reason.

3. Default by Lessor/Events. A default by Lessor is the failure to comply with any provision of this lease that is not cured within thirty days after written notice.

4. Default by Lessor/Lessee's Remedies. Lessee's sole remedy for Lessor's default is to terminate this lease.

5. Default by Lessee/Events. Defaults by Lessee are (a) failing to pay timely rent; (b) failing to comply within 15 days after written notice with any other provision of this lease, other than the defaults set forth in (a) above.

6. Default by Lessee/Lessor's Remedies. Lessor's remedies for Lessee's default are to (a) enter upon and take possession of the premises, after which Lessor may relet the premises; (b) enter the premises and perform Lessee's obligations; or (c) terminate this lease by written notice

and sue for damages. Lessor may enter upon and take possession of the premises by self-help and by picking or changing locks if necessary, and may lock out Lessee or any other person who may be hunting or utilizing the premises, until the default is cured, without being liable for damages.

7. Default/Waiver/Mitigation. It is not a waiver of default if the nondefaulting party fails to declare immediately an event of default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by law. Lessor and Lessee have a duty to mitigate damages.

8. Holdover. If Lessee does not vacate the premises following termination of this lease, Lessee shall be deemed a tenant at will and shall vacate the premises on receipt of notice from Lessor. No holding over by Lessee, whether with or without the consent of Lessor, will extend the term.

9. Attorney's Fees. If either party retains an attorney to enforce this lease, the party who prevails at the time of trial is entitled to recover reasonable attorney's fees.

10. Venue. Venue is in Sutton County, Texas.

11. Entire Agreement. This lease is the entire agreement of the parties, and there are no oral representations, warranties, agreements, or promises pertaining to this lease not incorporated in writing in this lease.

12. Amendment of Lease. This lease may be amended only by an instrument in writing signed by Lessor and Lessee.

13. Limitation of Warranties. There are no implied warranties of merchantability, of fitness for a particular purpose, or of any other kind arising out of this lease, and there are no warranties that extend beyond those expressly stated in this lease.

14. Notices. Any notice required by this lease shall be deemed to be delivered (whether or not actually received) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed to Lessor or Lessee. Said notice shall be addressed as follows:

If to Lessor: KINNIKINNICK RANCH
 Melinda E. Crain, Owner
 P. O. Box 1251
 Sonora, Texas 76950
 (830) 719-0366 or (325) 387-3721

If to Lessee:

15. Mineral Interests. This lease is subordinate to any present or future oil, gas, or other mineral exploration agreements and leases. Lessor shall not be liable to Lessee for any damages for actions attributable to these agreements and shall receive all consideration paid therefor.

16. Lessor's Use. Lessor, both for Lessor and for third parties, retains the right to use the premises for grazing, farming, ranching and other uses that do not unreasonably interfere with Lessee's hunting rights.

17. Danger. Lessee acknowledges that hunting is an inherently dangerous activity. Lessee agrees that Lessee and all invitees will be properly supervised and that all persons will

execute an "Assumption of Risk, Waiver, Release and Indemnity Agreement" in favor of Lessor.

18. Identity. Lessor reserves the right to verify the identity of all persons on the premises.

VII. In the event any hunter (including Lessee or guests and invitees of Lessee) fails to execute the "Assumption of Risk, Waiver, Release and Indemnity Agreement", the Lessee shall be deemed an agent for such hunter (guests and invitees) and be responsible for all obligations hereunder imposed upon each individual member of the party. Violation of obligation herein by any member of the hunting party (inclusive of guests and invitees) shall cause the lease thereupon to cease and terminate as to the entire group and all rights granted hereunder forfeited.

VIII. It is expressly agreed and understood that Lessee takes this lease subject to the rights of any oil, gas and mineral leases (and any operations in connection therewith) presently in existence on the leased premises or that may be executed during the term of this lease. It is further expressly understood that this lease is subject to the rights of Lessor to conduct their ranching operations thereon, including but limited to the right to brush control and prescribed burning of pastures.

IX. Lessee shall take proper care of the leased premises and all other improvements located thereon and shall be liable to Lessor for all damages caused to domestic livestock, fences, or other property (real or personal) of Lessor due to the activities of Lessee or its hunters, guests, and invitees exercising privileges under this lease.

X. Lessee, by acceptance of this Hunting and Recreational Lease Agreement, acknowledges that it has inspected the leased premises and has satisfied itself as to the condition of same, and that it accepts such property "as is" and "where is" and with all faults, without representation or warranty of any kind, expressed, implied, statutory or otherwise, including specifically, without limitations, without implied warranty as to habitability, suitability, merchantability, or fitness for a particular purpose, and hereby waive any right to complain or to recover from Lessor in the future relating to the condition of the leased premises or any improvements located thereon.

XI. WAIVER AND RELEASE: LESSEE FURTHER ACKNOWLEDGES AND UNDERSTANDS THAT NO WARRANTY, EITHER EXPRESS OR IMPLIED, IS MADE BY THE LESSOR AS TO THE CONDITION OF THE LEASED PREMISES, OR ANY ROADS, BUILDINGS, GATES OR OTHER IMPROVEMENTS THEREON. THIS DOCUMENT IS SUFFICIENT WARNING THAT DANGEROUS CONDITIONS, RISK AND HAZARDS MAY EXIST AND LESSEE'S PRESENCE ON THE LEASED PREMISES EXPOSES LESSEE TO SUCH DANGEROUS CONDITIONS. WITH FULL KNOWLEDGE OF THE ABOVE, AND IN CONSIDERATION FOR THE RIGHT TO ENTER ON AND HUNT THE LEASED PREMISES, LESSEE HEREBY AGREES TO WAIVE OR RELEASE ANY RIGHTS THAT LESSEE (AND LESSEE'S HEIRS, EXECUTORS, ADMINISTRATORS, REPRESENTATIVES, GUESTS AND INVITEES) MAY HAVE TO MAKE A CLAIM, OR INSTITUTE ANY SUIT OR ACTION AT LAW OR IN EQUITY, AGAINST LESSOR (THEIR PARTNERS, EMPLOYEES, REPRESENTATIVES, AGENTS, HEIRS, EXECUTORS, ADMINISTRATORS, LEGAL REPRESENTATIVES, FAMILY MEMBERS, GUESTS, CONTRACTORS, SUCCESSORS AND

ASSIGNS) ARISING FROM ANY DAMAGES, INJURIES, OR DEATH WHICH LESSEE MAY SUSTAIN WHILE ENGAGING IN ANY ACTIVITY UPON OR CONNECTED WITH THE LEASED PREMISES OR THIS LEASE AGREEMENT.

XII. RELEASE AND INDEMNITY: LESSEE RELEASES AND AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS LESSOR (THEIR PARTNERS, AGENTS, FAMILY MEMBERS, GUESTS, CONTRACTORS, AND EMPLOYEES) FROM ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITY OF EVERY KIND (INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEYS FEES) FOR INJURY TO OR DEATH OF ANY PERSON, OR FOR DAMAGES TO ANY PROPERTY ARISING OUT OF OR IN CONNECTION WITH THE ACTIVITIES AND MATTERS CONTEMPLATED BY THIS HUNTING AND RECREATIONAL LEASE. IN CLARIFICATION, AND NOT TO IN ANY WAY LIMIT THE SCOPE OF THE FOREGOING INDEMNITY, IT IS SPECIFICALLY UNDERSTOOD THAT THIS RELEASE AND INDEMNITY SHALL APPLY TO ACCIDENTS, INCIDENTS OR OCCURRENCES ARISING OUT OF, INCIDENT TO, OR IN ANY WAY RESULTING FROM THE USE OF THE FUEL GAS SYSTEM AND ELECTRICAL SUPPLY SYSTEM DESCRIBED HEREIN. IT IS UNDERSTOOD THAT THIS INDEMNITY SHALL INCLUDE, WITHOUT LIMITATION, ANY CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITIES ARISING IN FAVOR OF (1) ANY LESSEE HERETO; (2) ANY EMPLOYEES OF LESSEE; (3) ANY BUSINESS INVITEES OF LESSEE; (4) ANY GUESTS OF LESSEE; (5) ANY PERSON WHO COMES ON THE LEASED PREMISES WITH THE EXPRESS OR IMPLIED PERMISSION OF LESSEES AND (6) ANY PERSONS ASSERTING DERIVATIVE CLAIMS BY, THROUGH OR UNDER ANY OF THE FOREGOING PERSONS. IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO, BEING LESSOR AND LESSEE, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY LESSEE TO INDEMNIFY AND PROTECT LESSOR FROM THE CONSEQUENCES OF LESSOR'S OWN NEGLIGENCE (WHETHER ORDINARY OR CROSS), OR OTHER FAULT, WHETHER SUCH IS THE SOLE, OR A CONCURRING CAUSE, OF THE INJURY, DEATH OR DAMAGE.

XIII. This lease allows lessee and his guests to enjoy the hunting rights of this lease with respect to undo stress on livestock. During the term of the lease no other persons other than said Lessee and its authorized guests and invitees shall be permitted to use the leased premises. Each guest and invitee of Lessee shall be identified to Lessor and shall execute a document entitled "Assumption of Risk, Waiver, Release and Indemnity Agreement." Each guest who fails to execute such agreement shall be considered a trespasser for all purposes. Such hunters may bring members of their respective families, and all children under eighteen (18) years of age must be properly supervised by an adult.

Lessee shall be permitted to bring guests on the leased premises during the hunting season contingent upon the execution of the "Assumption of Risk, Waiver, Release and Indemnity Agreement." The Hunting and Recreational Lease Agreement and the terms and conditions therein shall be binding upon the guests and invitees.

XIV. This lease allows a limited number of wildlife to be taken each contract year. These number will vary from year to year as recommended by TPWD biologists and/or Lessor. The number of game allowed to be killed will be explained at the beginning of each contract year season.

Lessee and its guests shall be permitted to take no more than a maximum of **Ten (10) mature buck deer and Ten (10) cull buck deer and Ten (10) doe deer and (8) Turkey gobblers** from said leased premises during the entire 10/11 hunting season. This may be adjusted with Lessee shall keep complete and accurate records of all game taken and report the same to Lessor at the end of the season.

This lease also allows legal limits of upland birds, predators, and varmints defined as raccoon, possum, skunk, porcupine, fox bobcat, mountain lion, dove, quail, and chupacabra.

RABBIT ARE STRICTLY PROHIBITTED FROM BEING SHOT, TRAPPED, OR KILLED!!!

All Game Taken Must Be Registered. Deer will be weighed and aged, and this information will be sent to Lessor at the end of each month, and a summary sent at the end of each seson. Mature whitetail bucks are those 4.5 years of age or older with a B&C gross score.

Any Lessee(s) wishing to submit a whitetail buck or doe for “cull classification” should first either discuss the buck with the Lessor or take photograp of the animal, submit the photo(s) to the Lessor for approval to take the animal as a cull.

Spike bucks are automatically considerd cull bucks. Note.....Spike bucks are two-pointer bucks with each tine at least six inches in length. Do not mistake a nubbing buck (yearling) with a spike buck??? Nubbing bucks count against mature buck total!!! No does shall be taken after December 1 of each season.

XV. ORDER OF DEER TAKEN

The number of mature and cull bucks allowed each year will be determined by Lessor and submitted to the Lessees prior to each season. Advice from the Lessee(s) as well as the Texas Parks & Wildlife will be taken into consideration when determining these figures

XVI. EXCESSIVE GAME TAKEN

Any game animals shot, wounded, killed, and/or taken in excess of the limits provided in the contract or not allowed for the season, will be charged to lessees (penalized) at the following rate:

Mature Whitetail Buck.....\$3500.00
Mature Whitetail Doe.....\$1000.00
Nubbing Whitetail Buck.....\$3500.00
Rio Grande Turkey.....\$ 500.00

| | |
|---------------------------|-----------|
| Axis Buck..... | \$1200.00 |
| Axis Doe..... | \$ 500.00 |
| Mouflon/Barbadoe Ram..... | \$ 750.00 |
| Mouflon/Barbadoe Ewe..... | \$ 250.00 |
| Other exotics..... | \$1500.00 |

Any livestock shot, wounded, killed, will be charged to lessees as follows:

| | |
|-----------------|-----------|
| Bull..... | \$5500.00 |
| Cow..... | \$2000.00 |
| Nanny Goat..... | \$ 500.00 |
| Billy Goat..... | \$1500.00 |
| Other..... | \$1500.00 |

XVII. CAMP RULES AND SAFETY

1. A contact list with emergency agency numbers shall be posted.
2. "Camp Safety Checklist" or similar document should be constructed by the lessee(s) and approved by the Lessor, followed, and for others to abide.
3. Lessee(s) are expected to maintain the facilities and keep them in as good or better condition as they were when given over for use, except normal wear and tear.
4. Trash will be everyone's responsibility. All burnable trash will either be burned or disposed of off the lease. All nonburnable trash (bottles, cans etc.) will be disposed of off the lease. If burning trash, do so in a controlled environment. Do not burn trash during a county mandated burn ban.
5. No loaded firearms will be permitted in the camp or in vehicles in the camp or in vehicles in the camp or in vehicles going to and from blinds. It takes very little effort to abide by this rule, and it is not only for your protection but also for the safety of all the hunters. Along these lines, under no circumstances will discharging a firearm in the camp house area be allowed.
6. Water is a precious commodity here. Water will be used conservatively at all times. When leaving camp, all water valves closed and inspected.

XVIII. Lessee shall be permitted to construct deer blinds and deer feeders on the leased premises and further shall be permitted to remove them upon termination of this lease; provided, however, no deer blind shall be constructed in such a manner that damages any of the trees located on the leased premises. **Deer blinds and feeders must be placed a minimum distance of at least 150 yards from the perimeter fence forming the boundary of this lease.**

XIX. Lessee shall not cut or otherwise destroy any living tree located on the leased premises without permission of Lessor.

XX. Lessee covenants and agrees to permit no material waste on the premises, to remove all material refuse and litter that is deposited thereon, and particularly Lessee covenants and agrees not to throw out beverage containers or cigarette butts on the leased premises.

XXI. If Lessee defaults in the performance of any of the covenants or conditions hereof, then such breach shall cause an immediate termination of this lease and a forfeiture to Lessor of all rentals prepaid.

XXII. In the event any one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision and this agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been included in this agreement.

XXIII. This agreement shall be binding upon and enure to the benefit of the parties and their respective heirs, agents, representatives, successors, and assigns.

XXIV. Lessee agrees to report the presence of predators to Lessor

XXV. Lessee agrees to use reasonable diligence to give prior notice (by telephone or written communication) of the dates (and approximate times) they will arrive at the leased premises and identify all guests who shall be accompanying Lessee

For convenience, this agreement may be executed in multiple counterparts and, upon execution in that fashion by all parties, the multiple documents shall be considered to form the agreement between the parties.

EXECUTED this _____ day of _____, 2010.

LESSOR:

LESSEE:

MELINDA CRAIN, owner

By: _____

Title: _____

NOTORY: