LEASE FOR CATTLE GRAZING

THIS LEASE, dated: _____ 1992 by and between hereinafter called LESSORS and FIVE DOT LAND & CATTLE CO. hereinafter called LESSEES.

WITNESSETH:

WHEREAS, Lessors warrant that they are the owners of all the real property highlighted in yellow on the map in EXHIBIT "A" attached hereto and hereinafter referred to as the "property", and,

WHEREAS, said property is a portion of the total acreage (in the same general vicinity) leased to Lessees, which total acreage is shown in the map in EXHIBIT "B" attached hereto and hereinafter referred to as the "grazing unit", and,

WHEREAS, the Lessors are desirous of leasing said property to the Lessees, and Lessees are desirous of leasing said property from the Lessors for the sole purpose of grazing cattle. Lessors and Lessees agree that in an average year the grazing unit will support the equivalent of 75 head of mature cattle for a twelve month period.

NOW, THEREFORE, the Lessors do hereby lease to the Lessees said property at an annual rental determined and payable as follows:

1. The rent for the first year of the term hereof shall be $ ▮▮▮▮▮▮ This lease commenced November 15, 1992, and each lease year shall run from November 15 to November 14 of the following year. The period November 15, 1992 to November 14, 1993 shall be hereinafter referred to as the "base year".

For each and every year after the base year that this lease, or any extensions hereof, are in force, the annual rental shall be determined in accordance with the "Rental Adjustment formula", hereinafter contained, and be adjusted upward or downward from year to year depending upon whether the average selling price of beef cattle, as hereinafter computed, is higher or lower than the corresponding average selling price for the base year. For the purpose of computation of rental, the average selling price of beef cattle shall be taken as the average selling price of Choice Fat Slaughter steers, 1,000 - 1,075 pounds, as reported on the Sacramento Range and Feedlot sales by the Federal-State Market News service for the month of April of the year in question. In the event that said average sales price of beef cattle is not obtainable in any year from said Federal-State Market News service as now constituted, then the average sales price to be used in determining the annual rental shall be obtained from another authentic source to be jointly selected by Lessors and Lessees as providing a comparable price for the purpose. It is further mutually understood and agreed that in the event the Federal Government or

any agency what ever in any manner subsidizes the raising of beef cattle, thereby affecting a lower average sales price as reported on the Sacramento Range and Feedlot sales referred to above, the annual rental shall be increased to fully offset the effect of the subsidy payment on the sales price of cattle, but only to the extent that Lessees participate in such subsidy program and receive payments thereunder The annual rental to be paid by Lessees for any given year shall be determined in accordance with the following rental adjustment formula:

In the event the average selling price of beef cattle as above defined rises above or falls below the average selling price of beef cattle for the base Year (1992), for each $0.50 per hundredweight change in selling price, the annual rent for the grazing unit shall be adjusted upward or downward, whichever the case may be, by $O.05 per animal unit month.

For example: If during April 1992, the average price of cattle is $75.00 per hundredweight and in April 1993 the average price is $81.00 per hundredweight, the rent for the grazing unit for the period November 1, 1992 to October 31, 1993, shall be adjusted upward by $0.60 per animal unit month or $540.00 ($81.0O - $75.00 = $6.00 which constitutes twelve $0.50 increments. 12 x $0.05 x 75 animal units x 12 months = $540.00). Lessors' portion of rent constitutes (▓▓ %) of the total rent for the entire grazing unit and Lessors are entitled to that percentage of any rent adjustment.

Since the annual rental for the then current year cannot be computed until approximately June 1 of said current year, Lessees agree to pay to Lessors in advance as hereinafter provided, the estimated annual rental which shall be the amount paid for the preceding year.

On or before September I of each current year, Lessors, or their agent, shall compute the actual rental for the current year as hereinbefore set forth, and Lessees shall within thirty (30) days thereafter be given a cash credit or a demand for additional rental, depending upon whether the estimated rent paid in advance has been greater or less than the amount computed for the current lease year. Should a demand for additional rental be made, the same shall be immediately due and payable, and if not paid within thirty (30) days of the date of demand, Lessors may at their option terminate this lease.

2. The term of this lease shall be for five (5) years commencing November 15, 1992 and continuing until November 14, 1997. The rent shall be paid in lawful money of the United States of America, which the Lessees agree to pay to Lessors, without deduction or offset, at such place or places as may be designated from time to time by the Lessors, in installments as follows:

Each year, commencing in 1992, on or before December 1, the sum of one-half of the ensuing year's lease rent is due and payable, and on June 1 of the following year, the remaining one-half year's lease rent is due and payable.

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Lessees agree to pay the rental herein reserved at the times hereinabove set forth to each Lessor at the address shown below, or to such address at the Lessor may communicate in writing to Lessee.

3. The Lessees shall have the right to renew this lease for a term of five (5) years commencing at the expiration of this lease, and the right to further renew this lease for two additional consecutive five (5) year terms at the expiration of the previous renewal. Lessees to give Lessors, or their agent, written notice ninety (90) days prior to expiration of the lease or renewal if Lessees intend to renew. All renewals to be upon the same terms and conditions of this lease. Upon renewal of this lease, the annual rent shall be calculated using the above rental adjustment formula.

One-half of the ensuing year's rent is due and payable on December 1, and on June 1 of the following year the remaining portion of that year's rent is due and payable.

4. Lessees shall use and maintain the leased premises in a good ranchlike manner according to the customary practices of the neighborhood and use good cattle grazing practices.

Lessees shall not cut down or destroy, any trees or shrubs now or hereafter standing or growing upon the demised premises without the written consent of the Lessors.

5. The Lessees shall not sell, assign or sublet this lease or any portion of the lands leased herein without the written consent of the Lessors, their heirs, administrators, or assigns, which consent shall not be unreasonably withheld.

6. The Lessees shall not use or permit said premises, or any part thereof, to be used for any purposes other than the sole purpose of cattle raising without prior written consent of Lessors. This lease does not include any existing buildings.

7. Lessors and their permittees shall have the right to use and occupy the leased premises for any purposes which do not interfere with the cattle raising activities of the Lessees. Lessors and their assigns shall have the use of the premises for hunting, and agree to exercise due caution in opening and closing gates so that livestock shall not be permitted to escape and to exercise due caution in hunting so that persons or domestic livestock shall not suffer injury or death.

8. If the 1,040 acres of land, more or less, owned by the United States government adjacent to Lake Berryessa beginning at the southwesterly boundary of the Gunn Ranch and running southwesterly to Monticello Dam is not available to Lessees for cattle grazing or if drought conditions exist to preclude any cattle grazing, the December prepayment shall apply to the next year of the lease. And if the U.S.

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Government land and/or drought conditions persist into additional future years the prepayment shall continue to be forwarded each year until actual grazing use occurs at the sole option of the Lessee.

9. The Lessees shall, at their sole cost and expense, be responsible for maintaining any fences now upon and in the future constructed upon or bounding said leased premises and Lessees shall accept said premises in its present condition and Lessors shall have no obligation other than specifically provided herein, in respect to the care, maintenance or repair of the leased premises, or any improvements thereon.

10. Lessors or their successors in interest may fence off portions of said property as long as such fencing does not unreasonably restrict the management of cattle raising on said property and surrounding property which Lessees use for cattle grazing, and the rental sum shall be reduced accordingly. All such fencing shall conform to a minimum standard of four strand barbed hire with posts at not more than ten (10) foot intervals. In any event, Lessors shall not obstruct roads with gates, cattle guards or other devices on road easements of record as of the date hereof.

11. Lessees agree that at the expiration of the term of this lease or any sooner termination thereof they will quit and surrender the premises in as good order and condition as they were received by them, or that they may be put into during said term, reasonable wear thereof and damage by the elements excepted, and should default be made in the payment of installments of rent when due and the same shall remain unpaid for a period of ten (10) days thereafter or if default be made in any of the covenants herein contained on the part of the Lessees to be kept, paid or performed, then in either of those events, the Lessors, their agents or attorney may re-enter and take possession of said Premises and remove all their possessions therefrom and terminate this lease. Lessees shall be liable for any rental accrued up to the date of such reentry.

12. Notices and demands by either of the parties may be given by registered mail, postage prepaid, addressed to the other party at the addresses hereinafter set-forth or at such other address as either of the parties may from time to time designate by notice in writing to the other party.

13. In any action to enforce the terms and conditions of this agreement, the prevailing party to such action shall be entitled to reasonable attorneys' fees.

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14. This lease shall be binding upon the heirs, executors, administrators and assigns of the respective parties hereto.
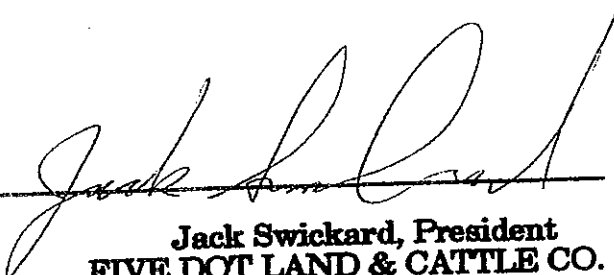
IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first hereinabove written.

LESSORS: _____

_____

_____

LESSEE _____
Jack Swickard, President
FIVE DOT LAND & CATTLE CO.
P.O. Box 50
Standish, Ca. 96128