

GRAZING LICENSE

Cypress, Inc. ("Owner") and Joe M. Chavez and Steve Chavez (collectively, "Chavez") agree:

1. **Property.** In consideration of value provided by Chavez to Owner, Owner grants permission to Chavez to use, for livestock grazing purposes as defined in this Grazing License (this "License"), land located in Santa Fe County, New Mexico, that is suitable for grazing livestock held in fee simple by Owner (the "Fee Simple Property"); land held by Owner pursuant to United States Department of the Interior, Bureau of Land Management (the "BLM"), Grazing Lease, Allotment 00830 Puertacito Salado (the "BLM Lease") (the "BLM Lease Property"), and land held by Owner pursuant to New Mexico State Land Office (the "SLO"), Commissioner of Public Lands, Agricultural Leases Nos. GR2122 and GR2088 (collectively, the "SLO Leases") (collectively, the "SLO Lease Property"). Collectively, the Fee Simple Property, the BLM Lease Property and the SLO Lease Property are referred to herein as the "Property" and are described on attached Exhibit A. Owner has delivered to Chavez and Chavez acknowledges receipt and understanding of the terms of the BLM Lease and the two SLO Leases and takes subject to the terms of the BLM Leases and the SLO Leases. Owner explicitly denies permission to Chavez to use land that is not suitable or appropriate for livestock grazing purposes or land that is in close proximity to any of the existing residences or the airstrip on the Fee Simple Property. Owner grants permission to Chavez to use the Fee Simple Property for livestock grazing purposes effectively upon the execution of this License. Chavez is expressly precluded from using the BLM Lease Property and the SLO Lease Property until the BLM and SLO have approved the sublease of the BLM Lease Property and SLO Lease Property, as applicable. Chavez and the Owner

intend that the granting of the foregoing approvals by the BLM and the SLO, as applicable, in no way transforms this License into a lease.

2. **Purpose of License.** Chavez is granted permission to only use the Property for livestock grazing purposes, and, unless otherwise agreed to in writing by the parties, a total of no more than 61 head of cattle will be pastured on the Property at any one time, provided that no more than 9 head of cattle will be pastured on the BLM Lease Property at any given time, no more than 11 head of cattle will be pastured on each of Lots 1, 2, 3 and 4 of SLO Lease GR2088 at any given time, and no more than 12 head of cattle will be pastured on each of Lots 1, 2, 3, 4 and 7 of SLO Lease GR2122. As a condition of Owner's grant of permission to use the Property for livestock grazing purposes, Chavez must comply with the terms of this License, the BLM Lease, the SLO Leases, any subleases issued by the BLM and the SLO, and all applicable federal, state, and local laws and regulations. Owner does not warrant or represent that the Property is suitable for the livestock grazing activity contemplated by this License.

3. **License Fee.** Chavez will pay to Owner a License fee of One Thousand Dollars (\$1,000.00) per year, due on or before October 1 of each year, with the first payment due and payable on October 1, 2012.

3.4. **As-Is License.** Chavez is being given permission to use the Property for livestock grazing purposes on an "AS-IS WITH ALL FAULTS" basis with any and all patent and latent defects, is not relying on, and waives any warranty of merchantability, habitability, fitness for a particular purpose and any other representation or warranties, express or implied, of any kind from the Owner with respect to any matters concerning the Property.

4.5. Termination of License. This License may be terminated by either party at-will on 5 days' written notice delivered to the other party at the address contained in this License. Upon termination of this License, Chavez must immediately cease using the Property for livestock grazing purposes, must promptly remove any livestock on the Property, and must leave the Property in as good condition as the Property was in on the effective date of this License, except for normal wear, tear and depreciation. Upon termination of this License, any subleases held by Chavez with the BLM and the SLO will be terminated and revoked and will revert back to the Owner. The term of this Lease will not extend beyond September 30, 2016.

5.6. Management, Repair and Maintenance.

a. Chavez will provide competent supervision over the livestock grazing activities contemplated by this License and will use due care to prevent waste or depletion of the Property, ordinary wear and tear from proper use excepted. Chavez will operate the livestock grazing activities on the Property in a good and rancher-like manner.

b. Except as otherwise expressly provided in this License, Chavez will provide and pay for all materials and labor for maintenance and repair of all fences, gates, corrals, buildings and other improvements used in connection with the livestock grazing activities contemplated by this License.

c. Chavez will not use or remove any post, wood or timber from the Property.

d. Chavez will not overstock or overgraze the Property.

e. Chavez will not build any new structures of any character upon the Property without prior, express, and written consent of Owner.

f. Chavez will not remove or relocate any fences that are on the Property without prior, express, and written consent of Owner.

g. If the existing barbed wire fencing, fence posts, and gates that are on the Property need repair, Chavez will repair and maintain them, but Owner will furnish the wire and posts, at the expense of Owner.

h. If the existing fences and gates that are on the Property are not adequate for the livestock grazing activities contemplated by this License, Chavez will, at the expense of Chavez, supplement the existing fences and gates by building neat, stockproof, lawful fences and gates enclosing the portions of the Property upon which the cattle of Chavez will be pastured, and will keep such fences and gates in good repair and maintenance to the satisfaction of the Owner.

i. At the termination of this License, any fences and gates built by Chavez will remain on the Property.

j. Chavez will pay for all materials joined or affixed to the Property in furtherance of the livestock grazing activities of Chavez pursuant to this License, not including activities specified in subparagraph 56(g) of this License, and will pay all persons who perform labor for Chavez at the Property as required by this License, including activities specified in subparagraph 56(g) of this License, and will not permit or suffer any laborers' or mechanics' liens or material suppliers' liens of any kind or nature to be placed or enforced against the Property for any work done or materials furnished at the Property at the request of Chavez.

6-7. Payment of Utilities, Taxes and Insurance. Owner will pay all ad valorem taxes legally assessed against the Property. Chavez will assess and pay all taxes legally assessed against all livestock and personal property that Chavez may place upon the Property during the duration of this License. Owner will provide all casualty and extended coverage insurance insuring the Property, but not on any livestock or other personal property of Chavez. During the duration of this License, Chavez will provide public liability insurance against injury to, or death of, any person with a coverage of not less than \$1,000,000 single limit for any one accident and will name Owner as an additional insured under the policy which will provide that the policy may not be terminated except upon 30 days' prior written notice to Owner. Chavez will pay all utility costs attributable to the livestock grazing activities of Chavez contemplated by this License.

7-8. Change in Acreage. If the acreage of the Property changes during the duration of this License by the increase or loss of present state leases, federal leases, or otherwise, Chavez will make necessary changes in the fences and gates to reflect the effect of the changes at the expense of Chavez.

8-9. Alterations and Additions. Chavez will not demolish any improvement, remove any fixture or make any alteration in, or addition to, the Property without obtaining the prior, express, and written consent of Owner. Chavez will furnish such indemnity against liens, damages and expenses as Owner may require.

9-10. Assignment and Subletting. Chavez will not sell, assign, mortgage, pledge or transfer this License or any interest in this License, and will not sublet all or any part of the Property, or permit any licensee or concessionaire to use or occupy the

Property. Any purported encumbrance, assignment, sublease, or transfer of any right or interest in this License by Chavez, whether voluntary or involuntary, by operation of law, under legal process, in bankruptcy, or otherwise will be void. Owner is not similarly restricted.

~~40-11.~~ **Binding Effect.** This License binds and benefits Owner and Chavez and their respective permitted successors, assigns, transferees, nominees, heirs, devisees and personal representatives. This License may be modified only in writing signed by Owner and Chavez, constitutes the entire agreement of Owner and Chavez, and is governed by the laws of New Mexico.

~~41-12.~~ **Notices.** All notices will be written and personally delivered or mailed by certified or registered mail, postage prepaid, with return receipt requested, to Owner at 49 Zorro Ranch Road, Stanley, New Mexico 87056-9743, and to Darren K. Indyke, Esq., 301 East 66th Street, 10B, New York, New York 10065, and to Chavez at

_____.

Notice served by mail is effective on the date on which the notice is deposited in the mail. Owner or Chavez may change their respective addresses at any time upon giving the other ten days' notice.

~~42-13.~~ **Indemnification and Release.** To the extent permitted by law, Chavez releases Owner and will indemnify and hold harmless Owner from and against any and all liability, cost, and expense for loss of or damage to the Property (including, without limitation, for claims or liens of laborers, mechanics and material suppliers as referred to in subparagraph ~~56~~(j) of this License), to Chavez's property, and for injuries to or deaths of persons, including Chavez, arising directly or indirectly from the use of the Property

by Chavez. To the extent, if at all, Section 56-7-1(A) NMSA 1978 is applicable to this agreement to indemnify Owner, such agreement will not extend to "liability, claims, damages, losses or expenses, including attorney fees, arising out of bodily injury to persons or damage to property caused by or resulting from, in whole or in part, the negligence, act or omission of the indemnitee or its officers, employees or agents."

13-14. Attorney's Fees. If either Owner or Chavez bring suit to compel performance of or to recover for breach of any covenant, agreement, or condition contained in this License, the prevailing party will be entitled to recover from the other party costs and reasonable attorney's fees.

14-15. Effect of Partial Invalidity. The invalidity of any portion of this License will not be deemed to affect the validity of any other provision. If any provision of this License is held to be invalid, the remaining provisions will be deemed to be effective as if they had been executed by Owner and Chavez after the removal of the invalid provision.

15-16. Entire Agreement. This License is the entire agreement between Owner and Chavez and any prior understanding or representation of any kind preceding the date of this License will not be binding upon either Owner and Chavez except to the extent incorporated in this License or by later agreements in writing between Owner and Chavez.

16-17. Modification of Agreement. Any modification of this License or additional obligation assumed by either Owner or Chavez in connection with this License will be binding only if placed in writing and signed by each party.

47-18. Counterparts. This License may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together shall constitute one and the same instrument.

DATED: _____, 2012.

OWNER:
CYPRESS, INC.

By _____
Its _____

CHAVEZ:

Steve Chavez

Joe M. Chavez

ZORRO RANCH

FEE SIMPLE PROPERTY

T12N, R9E

APPROXIMATE
ACREAGE

Section 2:	W/2 SE/4, Lots 5 and 6	160
Section 3:	S/2	320
Section 4:	SE/4, NE/4, SW/4, SW/4, NE/4, SE/4, NW/4, SE/4 SW/4	320
Section 8:	E/2	320
Section 9:	All	640
Section 10:	N/2, SE/4, E/2 SW/4, W/2 SW/4 All	640
Section 11:	W/2, W/2 E/2	480
Section 14:	W/2, W/2 SE/4 West of Highway 41 and portions of Lots 3 and 4 west of Highway 41	400
Section 15:	All	640
Section 17:	E/2	320
Section 20:	E/2	320
Section 21:	All	640
Section 22:	All	640
Section 23:	All property located west of Hwy 41	400
Section 26:	All property located west of Hwy 41	80

EXHIBIT A

Section 27: N/2, N/2 S/2, SE/4 SE/4 520

Section 28: N/2, S/2 except SE/4 SE/4 600

T13N, R9E

Section 35 E/2 E/2 160

7,600
(DEEDED)

STATE LEASE GR2122

T12N, R9E

Section 2: All except W/2 SE/4, Lots 5 and 6 518.97

Section 16: All 640

1158.97
(STATE LEASE
GR2122)

STATE LEASE GR2088

T13N, R9E

Section 36: Lots 1, 2, 3 and 4 84.86

84.86
(STATE LEASE
GR2088)

BLM LEASE

T12N, R9E

Section 4: SW/4 NW/4, N/2 NE/4, SE/4 NE/4 160

Section 11: E/2 2/2 160

Section 14: NE/4

160

480
(BLM LEASE)

TOTAL ACREAGE
DEEDED AND LEASED

9,323.83