

## **GRAZING LICENSE**

The Zorro Trust (the "Owner") and Eddy L. Burns (the "Burns") agree:

1. **Property.** In consideration of value provided by Burns to Owner, Owner grants permission to Burns 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 the "Property" and are described on attached Exhibit A. Owner has delivered to Burns and Burns acknowledges receipt and understanding of the terms of the BLM Lease and the two SLO Leases and agrees to comply with the terms of the BLM Leases and the SLO Leases. Owner explicitly denies permission to Burns 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 Burns to use the Fee Simple Property for livestock grazing purposes effectively upon the execution of this License. Burns is expressly precluded from using the BLM Lease Property and the SLO Lease Property until Burns has been granted respective subleases by the BLM and the SLO. Burns and the Owner intend that the granting of any subleases by the BLM and the SLO to Burns in no way transforms this License into a lease.

2. **Purpose of License.** Burns 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 50 head of cattle will be pastured on the Property at any one time, provided that no more than 9 cattle will be pastured on the BLM Lease Property at any given time, no more than 11 cattle will be pastured on each of Lots 1, 2, 3 and 4 of SLO Lease GR2088 at any given time, no more than 12 cattle will be pastured on each of Lots 1, 2, 3, 4 and 7 of SLO Lease GR2122, no more than 12 cattle will be pastured on the remaining 280 acres on Section 2 of SLO Lease GR2122, and no more than 12 cattle will be pastured on the 640 acres in Section 16 of SLO Lease GR 2122. As a condition of Owner's grant of permission to use the Property for livestock grazing purposes, Burns must comply with the terms of this License, the BLM, the 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. **As-is License.** Burns 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. **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, Burns 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 Burns with the BLM and the SLO will be terminated and revoked and will revert back to the Owner.

**5. Management, Repair and Maintenance.**

a. Burns 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. Burns will operate the livestock grazing activities on the Property in a good and rancher-like manner.

b. Burns will not use or remove any post, wood or timber from the Property.

c. Burns will not overstock or overgraze the Property.

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

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

f. If the existing barbed wire fencing, fence posts, gates and structures on the Property need repair, Burns will repair and maintain them, but Owner will furnish the wire and posts, at the expense of Owner.

g. If the existing barbed wire fencing, fence posts, gates and structures on the Property are damaged due to livestock activity Burns will be responsible for repair at Burns expense

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

6. **Payment of Utilities, Taxes and Insurance.** Owner will pay all ad valorem taxes legally assessed against the Property. Burns will assess and pay all taxes legally assessed against all livestock and personal property that Burns 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 Burns. During the duration of this License, Burns 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.

7. **Alterations and Additions.** Burns 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. Burns will furnish such indemnity against liens, damages and expenses as Owner may require.

8. **Assignment and Subletting.** Burns 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 Burns, whether voluntary or involuntary, by operation of law, under legal process, in bankruptcy, or otherwise will be void. Owner is not similarly restricted.

9. **Binding Effect.** This License binds and benefits Owner and Burns 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 Burns, constitutes the entire agreement of Owner and Burns, and is governed by the laws of New Mexico.

10. **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., The Villard House, 457 Madison Avenue, New York, New York 10022, and to Burns at \_\_\_\_\_. Notice served by mail is effective on the date on which the notice is deposited in the mail. Owner or Burns may change their respective addresses at any time upon giving the other ten days' notice.

11. **Indemnification and Release.** To the extent permitted by law, Burns releases Owner and will indemnify and hold harmless Owner from and against any and all liability (including, without limitation, arising out of, relating to or connected with the personal injury or death of Burns or any other person or entity whatsoever), losses and/or damages (including, without limitation, losses and/or damages to the Property or real or personal property of Burns or any other person or entity whatsoever), claims and/or liens (including, without limitation, those of laborers, mechanics and materials suppliers contemplated under subparagraph 5(j) of this License), costs, fees and/or expenses (including, without limitation, attorneys fees and disbursements) arising out of,

related to or connected with the use of any of the Property by Burns or any other act or omission of Burns under this License. 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."

12. **Attorney's Fees.** If either Owner or Burns brings 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.

13. **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 Burns after the removal of the invalid provision.

14. **Entire Agreement.** This License is the entire agreement between Owner and Burns and any prior understanding or representation of any kind preceding the date of this License will not be binding upon either Owner and Burns except to the extent expressly provided for in this License.

15. **Modification of Agreement.** Any modification of this License or additional obligation assumed by either Owner or Burns in connection with this License will be binding only if such modification or obligation is in writing and signed by each party.

16. 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: 12-28-2005, 2005.

OWNER:  
ZORRO TRUST

By   
Its Trustee

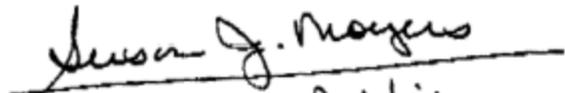
BURNS:

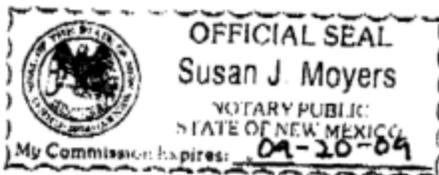
  
Eddy L. Burns

STATE OF NEW MEXICO  
COUNTY OF TORRANCE

This instrument was acknowledged before me on December 28, 2005 by Jeffrey Epstein, Trustee and Eddy L. Burns.

My Commission Expires: 09-20-09

  
Notary Public



ZORRO RANCH

FEE SIMPLE PROPERTY

T12N R8E		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 NW/4 NE/4 SE/4 NW/4 SE/4 SW/4	320
	Section 5: E/2	320
	Section 6: 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 5 west of Highway 41	400
	Section 15: All	640
	Section 17: S/2	320
	Section 20: E/2	320
	Section 21: All	640
	Section 22: All	640
	Section 23: All property located west of Highway 41	400
	Section 24: All property located west of Highway 41	60

EXHIBIT A

Section 27 N2 N/2 S/2 SE/4 SE/4 520

Section 28 N2 S/2 and R SE/4 SE/4 800

TOTAL 800

Section 35 E/2 E/2 160

7.800  
(DEEDED)

STATE LEASE GR2122

TOTAL 800

Section 32 All except W/2 SE/4 Lot 5 518.97  
W/2 E/4

Section 33 All 840

1158.97  
(STATE LEASE  
GR2122)

STATE LEASE GR2088

TOTAL 800

Section 33 Lots 1, 2, 3 and 4 84.88

84.88  
(STATE LEASE  
GR2088)

STATE LEASE

TOTAL 800

Section 32 E/2 NE/4 R/2 NE/4 160  
E/2 NE/4

Section 33 E/2 E/2 180