

COMMISSIONERS OF THE LAND OFFICE
STATE OF OKLAHOMA

SURFACE AGRICULTURAL LEASE CONTRACT

This surface agricultural lease contract (Lease) by the Commissioners of the Land Office (CLO) is binding when signed and approved by all of the undersigned parties.

I
TERMS

CLO and Lessee(s) agree the following terms, reservations, conditions, conservation provisions, and remedies govern the rights and obligations of the parties hereto.

1.1. LESSEE, LAND, TERM, USE, RENTAL.

CLO agrees to lease real property and Lessee(s) agrees to lease the real property described below (Property) for agricultural and/or grazing purposes for the rental term (Term) as follows:

1.2. RENTAL DUE DATE.

Annual rent is due January 2nd of each year or at the commencement of the Lease, as applicable.

1.3. PAYMENTS.

All payments MUST be mailed to the following address:

**Commissioners of the Land Office
Lockbox Account
PO Box 248896
Oklahoma City, OK 73124-8896**

1.4. DELIVERY, CHANGE OF ADDRESS.

Notices and communications shall be considered effective on date delivered or refused. In the event of change of address written notice is required to be given to the other party. All notices shall be in writing and considered properly given if mailed by certified mail, postage prepaid, addressed as follows:

**Commissioners of the Land Office
204 North Robinson, Suite 900
Oklahoma City, OK 73102**

**II
RESERVATIONS**

2.1. INTERPRETATION, VENUE, TRUST OBLIGATION.

This Lease shall be interpreted in accordance with laws of the State of Oklahoma. Lessee agrees any dispute or litigation with CLO in relation to this Lease shall be conducted in Oklahoma County, CLO's official residence; provided, however, the foregoing venue selection may be waived by CLO, in its sole discretion. Terms and conditions of the Lease shall be construed in favor of CLO as part consideration for this Lease and in recognition of the statutory obligation that the CLO has to protect its assets while maximizing economic return.

2.2. LEGAL SUBORDINATION.

This Lease will be subordinate to and Lessee will comply with all laws, court orders, policies, procedures and rules, existing and future, relative to the operation and management of the CLO.

2.3. SALE OF LAND/COMMERCIAL DEVELOPMENT.

CLO reserves and excepts the right to sell, exchange or commercially develop all or part of the Property. If all of the Property is sold, exchanged or taken for commercial purposes, this Lease shall terminate and Lessee shall deliver possession of Property to CLO as notified. If part of the Property is sold, exchanged or commercially developed, Lessee shall deliver possession of that portion of the Property to CLO as notified. CLO agrees to reduce annual rental proportionately in relation to the original appraisal of the surface retained by Lessee for the remainder of the Lease Term or, at the option of the Lessee, the Lease shall terminate. Current year pre-paid rental payments will be reduced on a per diem basis. Adjustment in annual rental will be made only if amount exceeds twenty-five (\$25.00) dollars.

2.4. CROP AND IMPROVEMENT DAMAGES.

Agricultural Lessee may recover crop and improvement damages, if any, for the remaining Term of the Lease as affected by paragraph 2.3 above from purchaser, condemnor, or

developer. CLO is entitled to all other damages and compensation.

2.5. MINERALS, ACCESS EASEMENT.

CLO reserves and excepts to itself, its lessees, licensees, permittees and assigns, an easement with right of ingress and egress for purpose of exploring, drilling, developing and operating on the Property; including, but not limited to, installation of pipelines, machinery, wind turbines, meteorological towers, storage tanks and other equipment, necessary for production, storage, transportation and/or marketing of wind energy, oil, gas, coal, copper and/or other minerals of any kind or nature and their components which may be produced from the Property or from other real property owned by CLO, or communitized with CLO land. Agricultural Lessee may be entitled to recover crop and improvement damages, if any, for the remaining Term of the Lease from said lessees, licensees, permittees, and assigns.

2.6. EASEMENTS.

CLO reserves and excepts to itself, its lessees, permittees, and assigns an access easement over and across the Property to access any other adjacent real property owned by the CLO. CLO reserves the right to grant easements for access and other purposes across the Property.

2.7. WATER RIGHTS.

CLO reserves all water rights pertaining to the Property; provided, however, Lessee may use water reasonably necessary for domestic and livestock purposes. Irrigation, sale or release of water from the Property is prohibited unless a separate water permit is granted by CLO.

2.8. PERSONAL RECREATIONAL USE.

CLO and Lessee(s) agree(s) personal recreational use is permitted on the Property so long as there is no damage to or misuse of the Property. Whether there is damage to or misuse of the Property shall be determined by CLO, in its sole discretion, and any damages to the Property arising from same shall be the Lessee(s)' responsibility. The provisions of this paragraph shall survive the termination of the Lease.

2.9. HUNTING USE.

CLO and Lessee(s) agree hunting is permitted on the Property so long as there is no exploitation, excessive depletion of the wildlife, or misuse as determined by CLO. Wildlife management limits and policies will be determined by CLO, in its sole discretion.

2.10. INVITATION TO BID.

The "Notice of Invitation to Bid at Public Auction for Agricultural Leases" is incorporated by reference and is made a part of this Lease.

III CONDITIONS

3.1. PERMANENT CONTRACT OBLIGATIONS.

Lessee cannot be released from Lessee's obligations hereunder except as otherwise provided by this Lease or according to law. Debt cannot be reduced or canceled without full payment pursuant to the Oklahoma Constitution and applicable law.

3.2. PAYMENT, BOND, NON-PAYMENT.

All unpaid rent or delinquent rent or monies due, including irrigation permits or otherwise, shall bear interest at a rate of twelve percent (12%) per annum. Interest is calculated per diem (daily) from the due date and payments made are credited first to accrued interest and then to any remaining balance. If interest and balances are not paid within 90 days of the due date, adequate bond or other security acceptable to CLO is required. CLO may seek all available legal or equitable remedies and Lessee may be assessed costs and legal fees involved in collection or enforcement of this Lease.

3.3. TAXES.

Lessee is required to pay ad valorem property taxes on any improvements and structures on the Property in a timely fashion.

3.4. INTERFERENCE BY LESSEE.

Lessee shall not interfere with grantees, licensees, permittees or lessees (including, without limitation, mineral or wind lessees) of CLO.

3.5. DISCLOSURE OF INTEREST.

Lessee shall notify CLO in writing within five (5) days when any public official or employee or any official or employee of CLO has acquired any direct or indirect interest in the Property.

3.6. HOLD HARMLESS; INDEMNITY.

Pursuant to the Oklahoma Tort Claims Act, and without waiving any rights, Lessee agrees to indemnify CLO against all claims arising out of the use of the Property, or otherwise arising hereunder. Lessee shall promptly notify CLO of any such claim.

3.7. SUBLEASES AND ASSIGNMENTS.

This Lease may not be subleased or assigned without the prior written consent of CLO.

3.8. LEASE INSPECTION.

CLO may enter upon the Property at any time for inspection and the exercise of all rights reserved to CLO. If any locks are placed on any gates on the Property, keys must be promptly furnished to CLO. CLO reserves the right to remove the locks at the Lessee's expense.

3.9. LEASEHOLD IMPROVEMENTS.

Lessee understands and agrees that CLO will not be obligated to Lessee for the value of any personal property or leasehold improvements placed upon the Property during the Lease Term. Improvements of any nature shall not be placed on or removed from the Property without the prior written consent of CLO. Lessee agrees to maintain with CLO a current and complete list of all Lessee-owned improvements located upon the Property, including, but not limited to, an approximation of each improvement's respective value.

3.10. REMOVAL OF IMPROVEMENTS.

Lessee(s) agree(s) to remove their improvements at Lessee's expense within sixty (60) days after the date the Term of this Lease expires. Additional time for removal of improvements must be requested in writing by Lessee prior to the sixty (60) day time period for removal.

Failure of the Lessee to request additional time prior to the expiration of the sixty (60) day time period shall be deemed a waiver by Lessee of any right to seek additional time to remove improvements. The CLO may, in its sole discretion, grant additional time to remove improvements; any grant of additional time must be in writing from CLO. Failure to remove the improvements within sixty (60) days, or any such additional time granted in accordance with this Lease, demonstrates Lessee(s)' intent to abandon the improvements and the improvements will be deemed abandoned. Improvements of value will be sold and the amount attained from the sale after cost of sale will be deducted from any amount owed by Lessee(s). Improvements deemed abandoned that are determined to be a detriment to the Property will be disposed of by the CLO and Lessee(s) agree(s) to pay for any cost incurred for disposal within thirty (30) days of the date of removal.

3.11. MAINTAIN IMPROVEMENTS.

Lessee agrees to maintain and repair CLO's and Lessee's improvements located on the Property at Lessee's sole expense. In the event Lessee fails to do so, CLO may elect in its sole discretion to enter upon the Property and effect any maintenance and/or repairs and charge Lessee for the costs incurred as additional rent hereunder.

3.12. SMALL GRAINS HOLDOVER.

Small grains planted during the last year of the Term may be harvested in the next year only if all amounts owed hereunder have been paid in full to CLO and Lessee is not otherwise in default hereunder, but the Property must be surrendered immediately after harvest or not later than July 1, whichever is sooner, in the year following the expiration of the Lease Term. Extensions may be granted at the sole discretion of CLO. In the event small grain crop is pastured out and not mechanically harvested, the Property shall be surrendered no later than June 1, or when cattle are removed, whichever is sooner, in the year following the expiration of the Lease Term. If small grain is mowed and baled for hay, those acres must be surrendered when the bales are removed or no more than ten (10) days after baling, but no later than June 1 in the year following the expiration of the Lease Term. All pasture land, including water thereon, must be surrendered December 31st of the final year of the Lease Term.

IV

CONSERVATION OF CLO LANDS

4.1. CONSERVATION.

CLO and Lessee(s) agree to conserve and preserve the lands owned by the CLO.

4.2. TECHNICAL ASSISTANCE.

CLO agrees to provide technical assistance to Lessee through its Real Estate Management Division staff along with available conservation funds for approved special projects for preservation, conservation and management of CLO lands.

4.3. CONSERVATION CONDITIONS.

In the interest of preservation and conservation of CLO lands, Lessee agrees to operate the Property according to the following conditions:

4.3.1. CROP MANAGEMENT.

Crop residue management and conservation cropping systems shall be required on all cropland of the Property as recommended by CLO based upon the Universal Soil Loss Equation (example: no-till or minimum tillage). All planting, seeding and tillage operations on terraced land, except for springtooth harrowing, shall be done on the contour of terraces. Cropland shall be managed in a husband-like manner to prevent weeds and erosion of land.

4.3.2. GRAZING.

Lessee shall manage grazing of native grasslands so desirable species of grasses and forbs are not overgrazed or depleted. A brush and weed control program shall be developed and implemented as required by CLO. The estimated annual stocking rate for the Property is shown in paragraph 1.1 above. CLO reserves the right to change or reduce the animal stocking rate at any time. Animal stocking rate shall be reduced immediately as directed by CLO. Failure to remove livestock as directed by CLO is a material breach of this Lease and, in CLO's sole discretion, may result in the termination of same.

4.3.3. PASTURE.

Lessee shall maintain improved pastures in a productive and vigorous condition. Maintenance measures shall consist of weed control, renovation, fertilization and management of grazing. Lessee may bale improved pastures for hay.

4.3.4. HAY MEADOWS.

Existing hay meadows may not be used as or converted to pasture land without the prior written permission from CLO. Native meadows may not be grazed after baling until after a killing frost has occurred. Native hay meadows may not be cut after July 15 unless prior written permission is given by CLO.

4.3.5. PERMISSION.

Prior written permission from CLO will be required before any permanent pastures are plowed out, timber cleared or cut, or any sod or sprigs are removed from the Property.

4.3.6. REPAIRS.

Lessee specifically agrees to maintain and repair all terraces and other conservation structures located on the Property according to CLO's specifications, at Lessee's sole expense.

4.3.7. EROSION AND TILLAGE.

Lessee agrees to control wind erosion by emergency tillage as needed or directed. Emergency tillage does not have to be done on the contour of existing terraces.

4.3.8. BURNING.

No burning of cropland residues, fence row, native grass or improved pastures shall occur without the prior written consent from CLO.

4.3.9. WATER EROSION.

Prevention of wind and water erosion shall be required after peanut and cotton harvest, if any, each year during the Lease Term. Methods shall include but are not limited to emergency

tillage and cover crops.

4.3.10. ALFALFA AND HAY CROP.

Alfalfa or any perennial hay crop shall not be plowed out in the last year of this Lease Term without the prior written permission from CLO.

4.3.11. DOUBLE CROPPING.

Double cropping shall not be permitted unless prior written permission is received from CLO. Lessee is afforded the opportunity to harvest one crop per year of the Lease Term. Violation of this paragraph will result in crop being disked or plowed under at Lessee's sole expense. A fee will be charged at least equal to the annual rental charged for the opportunity to harvest additional crop or pay additional year's rental at the sole discretion of CLO.

4.3.12. SOIL CONSERVATION PLANS.

Lessee shall implement all soil conservation plans for the Property. Special conservation requirements shall take precedence over any general soil conservation agreement. Any variations must be approved by CLO in writing and set forth below in paragraph 4.4.

4.3.13. REPRESENTATIVE MEETING.

Lessee agrees to promptly meet CLO's representative upon the CLO's request.

4.3.14. CROP ALLOTMENTS.

It is understood crop allotments run with the land and are not the property of Lessee. Lessee agrees to comply with the regulations of the U. S. Department of Agriculture (as amended from time to time) pertaining to crop allotments and base preservation, and further agrees to maintain full crop allotment.

4.4. SPECIAL CONSERVATION CONDITIONS:

4.5. INJURY TO LAND.

Lessee shall not, without the prior written permission from CLO, conduct or allow to occur any of the following activities upon the Property: irrigate; cut trees or timber; remove soil, stone or minerals; permit waste, trespass, dispose of trash, litter, cause erosion or pollute. Lessee(s) shall promptly report damage to the Property or any minerals thereon, to CLO.

V REMEDIES

5.1. MITIGATION, RELET.

CLO may relet the Property to mitigate Lessee(s) damages (including rent) without prejudice to or waiver of its rights to hold Lessee(s) liable for all costs, damages, entire contract rentals, and legal fees less amounts realized from mitigation.

5.2. BIND, BENEFIT, COMPLETE AGREEMENT, CHANGES.

All terms and conditions of this Lease shall be binding on CLO and Lessee(s), their heirs, devisees, administrators, executors, successors and assigns. This Lease and the associated Notice of Invitation to Bid at Public Auction shall together contain the complete agreement between the parties; any changes to the Lease must be agreed to and approved in writing by all parties hereto.

5.3. SEVERABILITY, SAVINGS.

If any provision of this Lease is determined to be invalid or unenforceable to any extent, the remainder of the provisions will not be affected and will be valid and enforceable to carry out, to the fullest extent possible, the original intent of the parties as permitted by law or in equity.

5.4. BREACH OF CONTRACT.

Violation by Lessee of any provision of this Lease constitutes a material breach. Lessee may be disqualified from leasing other property owned by the CLO, as determined by CLO in its sole discretion. Lessee shall be held liable for all costs to repair all damages to the Property during the Lease Term. By statute, CLO may refuse to accept any bid on an agricultural lease where the bidding party is in default of any rental due or in violation of this or any other lease agreement with CLO.

VI NON-COLLUSION

6.1. NON-COLLUSION STATEMENT.

Lessee states, represents and warrants that, as a material condition precedent of the Lease, (s)he has not paid, given or donated or agreed to pay, give or donate to any officer or employee of the State of Oklahoma any money or other thing of value, either directly or indirectly, in obtaining this Lease. Furthermore, (s)he did not conspire or collude with, give or receive anything of value to, or agree to give or receive anything of value to any bidder or potential bidder relative to obtaining this Lease. In the event that it is discovered that any of the foregoing is untrue, this Lease shall be void and of no further force and effect.

IN WITNESS WHEREOF, Lessee(s) and CLO have executed and approved this Lease of 10 pages on the date(s) indicated below.

LESSEE

Lessee:

Lessee:

Driver's License No./Tax I.D. No.:

Driver's License No. /Tax I.D. No.:

Date:

Date:

Lessee:

Lessee:

Driver's License No./Tax I.D. No.:

Driver's License No. /Tax I.D. No.:

Date:

Date:

COMMISSIONERS OF THE LAND OFFICE
STATE OF OKLAHOMA, COUNTY OF OKLAHOMA

Approved:

By: _____
Secretary

Date: _____

(SEAL)

For Land Office Use Only
No. _____
Volume _____
Recorded _____
(Date)
By _____
(Records Clerk)

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