

COMMISSIONERS OF THE LAND OFFICE
STATE OF OKLAHOMA

OKLAHOMA SCHOOL LAND TRUST
SURFACE AGRICULTURAL LEASE CONTRACT

This lease contract by the Commissioners of the Land Office (CLO) as administrators of the Oklahoma School Land Trust (Trust) is binding when signed and approved by all parties.

I
TERMS

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

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

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

1.2. RENTAL DUE DATE.

Annual rent is due January 2nd of each year or at the commencement of the lease, if 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
120 North Robinson, Suite 1000W
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 contract shall be conducted in Oklahoma County, CLO's official residence. Terms and conditions of the lease contract shall be construed in favor of CLO as part consideration for this lease and in recognition of the obligation CLO has to protect Trust assets while maximizing economic return.

2.2. LEGAL SUBORDINATION.

This lease will be subordinate to and Lessee will comply with laws, Court Orders, policies, procedures and rules, existing and future, relative to the operation and management of the Oklahoma School Land Trust.

2.3. SALE OF LAND/COMMERCIAL DEVELOPMENT.

CLO reserves and excepts the right to sell, exchange or commercially develop all or part of the leased real property. If all of the leased real property is sold, exchanged or taken for commercial purposes, this lease shall terminate and Lessee shall deliver possession of real property to CLO as notified. If part of leased real property is sold, exchanged or commercially developed, Lessee shall deliver possession of that portion of the real property to CLO as notified. CLO agrees to reduce annual rental

proportionately in relation to original appraisal of surface retained by Lessee for remainder of lease term or, at the option of the Lessee, 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 remaining term of the agricultural lease contract as affected by paragraph 2.3 above from purchaser, condemnor, or developer. Lessor is entitled to all other damages and compensation.

2.5. MINERALS, ACCESS EASEMENT.

CLO reserves and excepts to itself, its lessees, permittees and assigns, an easement with right of ingress and egress for purpose of exploring, drilling, developing and operating on leased real property; including installation of pipelines, machinery, storage tanks and other equipment, necessary for production, storage, transportation and marketing of oil, gas, coal, copper and/or other minerals of any kind or nature and their components which may be produced from said leased real property or from other real property owned by CLO, or communitized with Trust land. Agricultural Lessee may be entitled to recover crop and improvement damages, if any, for remaining term of the agricultural lease contract from said lessees, permittees, and assigns.

2.6. EASEMENTS.

CLO reserves and excepts to itself, its lessees, permittees, and assigns an access easement to other real property held in Trust. CLO reserves the right to grant easements for access and other purposes across the leased real property.

2.7. WATER RIGHTS.

CLO reserves all water rights, except Lessee may use water necessary for domestic and livestock purposes. Irrigation, sale or release of water from lease premises is prohibited unless a separate water permit is granted by CLO.

2.8 PERSONAL RECREATIONAL USE.

Lessor and Lessee(s) agree(s) personal recreational use is permitted on the leased real property so long as there is no damage to leased real property or misuse. Whether there is damage to or misuse of the leased real property shall be determined by a CLO Real Estate Management Specialist.

2.9. HUNTING USE.

Lessor and Lessee(s) agree hunting is permitted on the leased real property so long as there is no exploitation, excessive depletion of the wildlife or misuse as determined by the Real Estate Management Specialist for the CLO. Wildlife management limits and policies will be at the sole discretion of the CLO.

2.10 INVITATION TO BID

The "Invitation to Bid at Public Auction" is incorporated by reference and is made a part of this contract.

III CONDITIONS

3.1. PERMANENT CONTRACT OBLIGATIONS.

Lessee cannot be released from contract obligations except as provided by this contract 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 rate of sixteen percent (16%) 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 remedies and Lessee may be assessed costs and legal fees involved in collection or enforcement of lease terms.

3.3. TAXES.

Lessee is required to pay ad valorem property taxes on any improvements and structures on Trust land.

3.4. INTERFERENCE BY LESSEE.

Lessee shall not interfere with grantees, permittees or mineral lessees of CLO.

3.5. DISCLOSURE OF INTEREST.

Lessee shall notify CLO in writing within 5 days when any public official or employee or any official or employee of CLO has acquired any direct or indirect interest in the leased real 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 leased real property. Lessee shall promptly notify CLO of any claim.

3.7. SUBLEASES AND ASSIGNMENTS.

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

3.8. LEASE INSPECTION.

CLO may enter upon lease premises at any time for inspection and exercise of rights reserved to CLO. If locks are placed on gates, keys must be furnished to CLO or its representative or CLO reserves the right to remove locks.

3.9. LEASE IMPROVEMENTS.

Lessee understands and agrees CLO cannot pay Lessee for personal property or lease improvements. Improvements of any nature shall not be placed on or removed from lease without prior written consent of CLO. Lessee agrees to maintain with CLO a current and complete list of all Lessee owned improvements.

3.10. REMOVAL OF IMPROVEMENTS.

Lessee(s) agree(s) to remove their improvements at Lessee's expense within sixty (60) days after the contract terminates. Additional time for removal of improvements must be requested in writing by Lessee prior to the 60 day time for removal. Failure of the Lessee to request additional time prior to the expiration of the 60 day time period waives the ability 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 an authorized CLO representative. Failure to remove the improvements within sixty (60) days, or 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 lease will be disposed of by the CLO and Lessee(s) agree(s) to pay for any cost incurred for disposal.

3.11. MAINTAIN IMPROVEMENTS.

Lessee agrees to maintain and repair CLO's and Lessee's improvements at Lessee's expense.

3.12. SMALL GRAINS HOLDOVER

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

CONSERVATION OF TRUST LANDS

4.1. CONSERVATION.

CLO and Lessee(s) agree to conserve and preserve Trust lands held by the State of Oklahoma.

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 Trust lands.

4.3. CONSERVATION CONDITIONS.

In the interest of preservation and conservation of Trust Land, Lessee agrees to operate lease according to following:

4.3.1. CROP MANAGEMENT.

Crop residue management and conservation cropping systems shall be required on all cropland of Trust as recommended by CLO based upon 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 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 for each lease as required by CLO. The estimated annual stocking rate for this lease is shown in paragraph 1.1 of this contract. 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 contract and may result in termination of the lease.

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 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 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 lease.

4.3.6. REPAIRS.

Lessee specifically agrees to maintain and repair all terraces and other conservation structures according to CLO's specifications.

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 contour of terraces.

4.3.8. BURNING.

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

4.3.9. WATER EROSION.

Prevention of wind and water erosion shall be required after peanut and cotton harvest each year. 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 last year of this lease without 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 lease contract. Violation of this paragraph will result in crop being disked or plowed under at Lessee's expense. A fee will be charged at least equal to annual rental charged for opportunity to harvest additional crop or pay additional year's rental at discretion of CLO.

4.3.12. SOIL CONSERVATION PLANS.

Lessee shall implement all soil conservation plans for this lease. Special conservation requirements shall take precedence over general soil conservation agreement. Any variations must be approved in writing and attached to this contract.

4.3.13. REPRESENTATIVE MEETING.

Lessee agrees to meet CLO's representative on request.

4.3.14. CROP ALLOTMENTS.

It is understood crop allotments run with the land and are not property of Lessee. Lessee agrees to comply with regulations of U. S. Department of Agriculture 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 prior written permission from CLO: 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 leased real property or minerals to CLO.

V REMEDIES

5.1. MITIGATION, RELET.

CLO may relet the leased real 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 document contains the complete agreement between the parties; any changes to the lease must be agreed to and approved in writing by the parties.

5.3. SEVERABILITY, SAVINGS.

If any provision of this lease contract 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.

5.4. BREACH OF CONTRACT.

Violation by Lessee of any provision of this lease constitutes material breach. Lessee may be disqualified from leasing other Trust Lands. Lessee shall be held liable for all costs to repair damages during this lease. By statute Commissioners may refuse to accept any bid on agricultural lease where party placing the bid is in default of any rental due or in violation of this or any prior lease contract.

VI NON-COLLUSION

6.1. NON-COLLUSION STATEMENT.

Lessee states as a material condition of the contract (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 WITNESS WHEREOF, Lessee(s) and CLO have executed and approved this contract of 11 pages on the date(s) indicated.

LESSEE

Lessee:

Lessee:

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

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

Date:

Date:

Lessee:

Lessee

DBA:

DBA:

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

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

Date:

Date:

COMMISSIONERS OF THE LAND OFFICE, ADMINISTRATORS
SACRED OKLAHOMA SCHOOL AND PUBLIC LAND TRUSTS
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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