

GRAZING LEASE AGREEMENT

THIS GRAZING LEASE AGREEMENT signed and entered into this _____ day of March, 2010, by and between RCR-Newton Property Owners Association, Inc. as Lessor, whose address is 850 Newton Road, Pueblo, CO 81005.

and

Todd Hughes & Dwight Proctor, as Lessee whose address is 965 Newton Road, Pueblo Co 81005.

WHEREAS, certain Members of the RCR-Newton Property Owners Association ("RCR-Newton POA") who own the grazing rights on their separate Lots within the property known as RCR-Newton ("the Property") have leased their grazing rights to Lessor under separate grazing lease agreements; and

WHEREAS, Lessor and Lessee wish to enter into a grazing lease agreement wherein Lessor subleases said grazing rights to Lessee.

NOW, THEREFORE, in consideration of the terms and conditions of this lease, Lessor and Lessee agree as follows:

1. The term of this lease begins 1, April 2010 and ends 15 Dec 2010, unless terminated sooner as provided herein. This Lease supersedes all previous Leases and Agreements between Lessor and Lessee. Lessees shall have the right of first refusal to renew this lease annually through the 2011 grazing season, upon successful renegotiation of the insurance amount in Item 6, the maximum number of cattle to be released onto the property in Item 7. The other terms of the lease shall not be changed upon renewal.
2. The Property subject to this lease is all of RCR-Newton as defined in the governing documents of RCR-Newton POA except those lots enclosed by fencing.
3. Lessee acknowledges that Lessor does not provide water or its delivery system under this lease.
4. Lessee has examined the property, including perimeter fencing, gates, and cattle guards not owned by the Lessee, and has found the same to be acceptable. Lessor assumes no responsibility for the condition, repair, or maintenance of fencing, gates, and cattle guards
5. Lessee and Lessee's agents will use reasonable efforts to notify property owners prior to Lessee's entering a fenced lot to check on or gather cattle.
6. ~~Lessee shall indemnify, defend, and hold harmless the Lessor for any and all liability and damage caused by Lessee, Lessee's agents, and Lessee's cattle.~~ Lessee will obtain a general comprehensive liability insurance policy in the amount of Five Hundred Thousand Dollars. (\$ 500,000.00) naming RCR-Newton Property Owners Association as an additional insured.

7. As previously stated, the period of this lease will be from 15 Feb 2010 to 15 December 2010. Prior to releasing cattle to the property, the Lessee will meet with the Lessor or Lessor's agent to discuss and agree on the maximum number of cattle units to be placed on the Property during the upcoming lease period. This number will not exceed the carrying capacity of the property, which is currently estimated to be approximately 125 units. This capacity can change depending on moisture and pasture condition. A cattle unit will be defined as a cow, bull, or cow/calf pair.
8. The number of cattle on the Property is subject to verification by Lessor or Lessor's agent, and Lessee will notify Lessor 12-24 hours in advance of the date and time of any cattle brought to or removed from the ranch. Lessor has the right to reduce or restrict Lessees' use of the Property during the term of the lease should any or all of the Property show signs of overuse or damage.
9. For the term of this Lease, Lessee shall pay Lessor the sum of \$12.00 per unit (cow, bull, or cow/calf pair) per month payable 1/2 at delivery and 1/2 at removal. All funds will be settled prior to December 20th of each lease period.
10. At the end of this lease, Lessee will return the Property in as good an order and condition as the same was entered upon, loss by fire and accident not caused by Lessee, and ordinary wear excepted.
11. Lessor and Lessee acknowledge that they are not in partnership and that the Lessor shall not be financially responsible for any debts or liabilities of the Lessee nor for any accidents or damage to the Property caused by Lessee or Lessee's agents, or employees.
12. Lessees and their agents shall not have the right to hunt on or otherwise use the Property except as set forth herein, and Lessee shall not sublet nor encumber this Lease without the express written consent of the Lessor.

IN WITNESS WHEREOF, the parties have signed this Grazing Lease Agreement on:
 March _____, 2010

LESSOR:
 RCR-Newton Property Owners Association, Inc.

LESSEE:

 Alan Lucas as President

 Todd Hughes

 Gordon Gibbs as Secretary

 Dwight Proctor