

NEW MEXICO STATE LAND OFFICE
COMMISSIONER OF PUBLIC LANDS
NEW MEXICO STATE LAND OFFICE BUILDING
P.O. BOX 1148, SANTA FE, NM 87504-1148

AGRICULTURAL LEASE

LEASE NO. GR1434

THIS LEASE, DATED OCTOBER 01, 2011, IS ENTERED INTO BY AND BETWEEN THE COMMISSIONER OF PUBLIC LANDS, NEW MEXICO STATE LAND OFFICE, STATE OF NEW MEXICO, HEREINAFTER CALLED "LESSOR" AND:

EDWARD J BAWOLEK
SUZAN J BAWOLEK

HEREINAFTER CALLED "LESSEE(S)", WHOSE ADDRESS OF RECORD IS:

2200 W SAGEBRUSH CT.
CHANDLER, AZ 85224

LESSOR AND LESSEE AGREE AND COVENANT AS FOLLOWS:

1. LEASE.

FOR AND IN CONSIDERATION OF AND SUBJECT TO THE RENTALS AND THE TERMS, COVENANTS, CONDITIONS, AGREEMENTS, OBLIGATIONS, AND RESERVATIONS CONTAINED IN THIS LEASE AND ALL OTHER EXISTING RIGHTS, LESSOR GRANTS AND LEASES TO LESSEE AND LESSEE TAKES FROM LESSOR THE TRACT(S) OF LAND DESCRIBED IN EXHIBIT A, ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. THIS LEASE IS GOVERNED BY 19.2.8 NMAC (RULE 8).

2. TERM.

THE TERM OF THIS LEASE SHALL BEGIN ON OCTOBER 01, 2011 AND SHALL EXPIRE AT MIDNIGHT SEPTEMBER 30, 2016.

3. RENT.

THE ANNUAL RENTAL SHALL NOT BE LESS THAN THE MINIMUM RENTAL ESTABLISHED BY SECTION 19-7-29 NMSA 1978 AND SHALL BE PAID IN ADVANCE FOR EACH LEASE YEAR AND RECEIVED IN THE STATE LAND OFFICE ON OR BEFORE OCTOBER 1. THE ANNUAL RENTAL FOR GRAZING LAND SHALL BE DETERMINED AS FOLLOWS : ANNUAL RENTAL = BASE VALUE X CARRYING CAPACITY X ACREAGE X ECONOMIC VARIABLE INDEX (EVI), AS DEFINED BY SLO RULE 8 "RELATING TO AGRICULTURAL LEASES" (19 N.M.A.C. 3, SLO 8.11). IN NO EVENT SHALL THE PRODUCT OF THE APPLICATION OF THE EVI, FOR EACH SUCCESSIVE YEAR OF THE LEASE TERM, BE DECREASED OR INCREASED BY MORE THAN THIRTY-THREE AND ONE-THIRD PERCENT. IN THE CASE OF GRAZING RENTAL OFFERS ON OPEN ACREAGE OR PURSUANT TO COMPETITIVE BID, LESSOR MAY ACCEPT GREATER RENTAL AMOUNTS THAN THOSE DETERMINED BY THE FOREGOING FORMULA, BUT THE ANNUAL GRAZING RENTAL DUE IN ANY LEASE YEAR SHALL NOT BE LESS THAN THE FORMULA AMOUNT. THE ANNUAL RENTAL FOR CULTIVATED LAND, ASSOCIATED LAND AND CONSERVATION RESERVE PROGRAM LAND SHALL BE DETERMINED BY LESSOR AND SHALL REMAIN UNCHANGED DURING THE TERM OF THE LEASE. THE TYPE OF LAND HEREBY LEASED AND THE ANNUAL RENTAL AMOUNT FOR THIS LEASE SHALL BE AS SET OUT IN EXHIBIT A HEREIN.

4. PERMITTED USE.

LESSEE MAY USE THE LEASED PREMISES ONLY FOR SUCH OPERATIONS AND ACTIVITIES AS ARE NECESSARY TO CARRY OUT THE PURPOSES FOR WHICH THE LEASE IS GRANTED AS SPECIFIED IN EXHIBIT A, AND IN ORDER TO COMPLY WITH ALL APPLICABLE PROVISIONS OF LAW REGARDING THE

2011 OCT 28 PM 2:52

CERTIFY THAT I/WE ARE THE LESSEE(S) REFERENCED ON THE FACE PAGE OF THIS LEASE.

Edward J Bawolek
LESSEE SIGNATURE

(602) 376-1755
TELEPHONE

Suzan J Bawolek
LESSEE SIGNATURE

(480) 510-0876
TELEPHONE

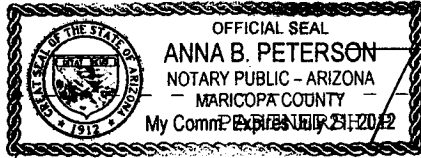
Ray Powell MA
LESSOR-COMMISSIONER OF PUBLIC LANDS

ACKNOWLEDGMENTS
NATURAL PERSON(S)

STATE OF ARIZONA ~~NEW MEXICO~~)
)
COUNTY OF MARICOPA)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 11th DAY OF JULY, 2011,
BY EDWARD J BAWSLEK and SUZAN J BAWSLEK
(NAME OF LESSEE ACKNOWLEDGED)

MY COMMISSION EXPIRES:
07.21.2012



Anna B Peterson
NOTARY PUBLIC

STATE OF NEW MEXICO)
)
COUNTY OF _____)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS _____ DAY OF _____, 20____,
BY _____
(NAME OF PERSON ACKNOWLEDGED)

PARTNER(S) ON BEHALF OF _____, A PARTNERSHIP.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

CORPORATION

STATE OF NEW MEXICO)
)
COUNTY OF _____)

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS _____ DAY OF _____, 20____,

BY _____ OF _____
(NAME OF OFFICER) (TITLE OF OFFICER)

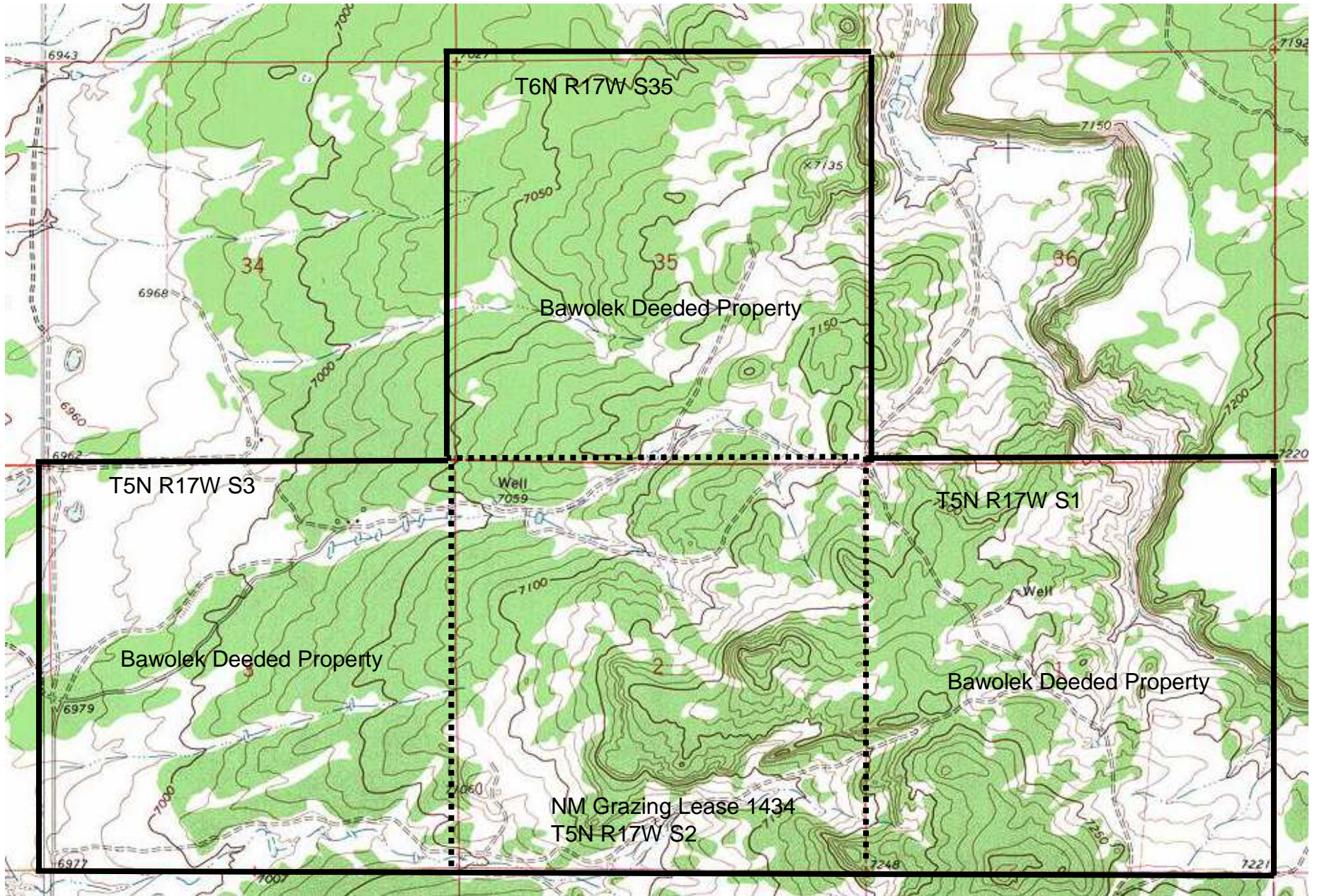
_____ A _____ CORPORATION, ON BEHALF
(CORPORATION NAME)
OF SAID CORPORATION.

MY COMMISSION EXPIRES:

NOTARY PUBLIC

2011 JUL 28 PM 7 53

Bawolek Ranch and Grazing Lease



IMPROVEMENT LISTING FOR EXISTING LESSEE'S RENEWAL APPLICATION

The State Land Office Rule Relating to Agricultural Leases, 19 N.M.A.C. 8.9.2.2. requires you to submit a listing of your improvements located on the state leased land held under this lease with your application.

LEASE NUMBER GR1434

(Please check one of the boxes)

DO IMPROVEMENTS EXIST ON STATE LAND: YES IF YES PLEASE LIST BELOW.

NO (none)

All improvements must be listed even if they are on record with our office.

IMPROVEMENT	APPROXIMATE MONTH AND YEAR BUILT		SECTION	LOCATION	
				TOWNSHIP	RANGE
Well	Prior to 12/31/1972	NW Corner	2	5N	17W
Large Stock Pond	Prior to 12/31/1972	NW Corner	2	5N	17W
1 Mile 4-Wire Fence	Unknown	South Line	2	5N	17W
1 Mile Woven Wire Fence	Unknown	North Line	2	5N	17W

Inclusion of unauthorized improvements on this listing or any appraisal submitted to the Commissioner for any purpose shall not be interpreted as approval of those improvements by the Commissioner. (19 N.M.A.C. 8.9.11)

This office will reject your renewal lease application if this form is not completed.

The information provided above is true and correct to the best of my knowledge. Please sign and date.

Signature is required whether improvements exist or not.

Edward J Bawolek
 Lessee Signature EDWARD J BAWOLEK

Suzan J Bawolek
 Lessee Signature SUZAN J BAWOLEK

Date: July 11, 2011