

GRAZING LEASE

I. GENERAL TERMS

A. **THIS LEASE** is entered into this _____ day of _____, 2012, between the City of Billings hereinafter referred to as the "Owner", and Wayne Townsend of 3611 Robindale Dr, Billings, MT hereinafter referred to as the "Lessee".

B. **DESCRIPTION OF PROPERTY:** The Owner hereby leases to the Lessee to occupy and use for grazing purposes, the following property all located in Section 29, Township 1 South, Range 26 East, P.M.M., Yellowstone County, Montana, described as follows:

- The S1/2 of the SE1/4 consisting of approximately 80 acres.
- A portion of the S1/2 of the SW1/4 consisting of approximately 64 acres and specifically that portion located southeast of Hillcrest Road.

The total area covered by this grazing lease consists of 144 acres more or less, in good condition, together with all buildings, corrals and improvements thereon and rights thereto. The Owner warrants that he owns the land, has the right to give the Lessee possession under this lease, and will, so long as this lease remains in effect, warrant and defend the Lessee's possession against any and all persons.

C. **RENTAL RATES AND ARRANGEMENTS:** As rent for the rangeland the Lessee agrees to pay the Owner an annual sum of \$ 432.00 payable in advance of the 1st day of January of each year.

II. LEASE CONDITIONS

A. **LENGTH OF LEASE:** This lease shall be in effect from February 1, 2012, and shall terminate five years later on January 31, 2017. Lessee shall have an option to renew the lease for one additional five-year term at the expiration of the five year lease under the same terms and conditions, providing he gives Owner 60 days notice of his intention to do so.

B. **TERMINATION PRIOR TO EXPIRATION OF TERM OF LEASE:** This lease agreement may be terminated by either Owner or Lessee at any time upon sixty (60) days written notice to the other party. Lessee shall not be compelled to remove from the demised premises or surrender the demised premises until sixty (60) days after receipt of that notice and any payment due by Lessee to Owner pursuant to the terms of this Lease shall be prorated to the date of termination.

C. **THIS LEASE SHALL BIND AND BENEFIT** the heirs, successors, and assigns of the Owner and the Lessee.

- D. **NON-FULFILLMENT:** Upon failure of either party to carry out any material provision of this lease, the other shall serve a written notice specifying the default. The offending party shall have a reasonable length of time to correct the default, or to arbitrate if he does not admit the charge. If default is not corrected as charged, or instructions of the arbitration committee not carried out, in proper time to prevent further damage, the injured party may, at his option, either correct the default and collect the cost from offending party, or cancel the lease and collect damages set by the committee.
- E. **ARBITRATION:** Any difference between the Owner and Lessee shall upon request of either party be submitted for settlement to a committee of three disinterested persons who reside in the community and are familiar with the property. One member shall be chosen by the Owner, one by Lessee, and the third by the other two members. A determination by a majority of the committee shall be binding on both the Owner and Lessee. One-half the cost of arbitration shall be paid by each party.

III. RANGE MANAGEMENT, IMPROVEMENTS & MAINTENANCE

- A. The Lessee shall use good range management principles in his operations of this land. He shall balance livestock numbers with available forage to prevent range deterioration. He will use the premises in a good and husband-like manner and will not overgraze the range land. However, it is understood and agreed that Lessee may feed hay to livestock on the premises when necessary to supplement the supply of grass.
- B. The degree of use to be made of the range annually shall be: For grazing of livestock only. Cultivation of the land shall not be permitted.
- C. The Lessee shall use diligence to prevent the establishment and spread of poisonous plants and noxious weeds. Treatment of infestations and the cost thereof shall be handled by the Lessee: If chemical application or other appropriate weed control measures become necessary, the Lessee shall first consult with the Owner prior to any measures being taken.
- D. Fences, and other improvements now in satisfactory condition shall be maintained by the Lessee.
- E. The Lessee may not place any improvements upon the land under this lease without the approval of the Owner. Should approval be given to place improvements on the land, the Lessee shall remove them upon expiration of the lease, unless the Owner has given approval to leave such improvements.
- F. The Owner reserves all rights and interests to the land under this

lease other than those specifically granted by this lease. These reservations include but are not limited to the following:

- (a) Mineral and Timber Reservation - All coal, oil, gas and other minerals and all deposits of stone, gravel, sand, gems, and other non-minerals valuable for building, mining or other commercial purposes and all timber and trees are exempted from the operation of this lease.
- (b) Additional Reservations - The Owner reserves the right to grant rights-of-way, licenses and permits on the subject land so long as they do not interfere with the grazing rights granted to the tenant herein.

- G. The Lessee assumes all responsibility for carrying on at his own expense all fire prevention and suppression work necessary or required to protect the forage, trees, building and structures on the land.
- H. The Lessee agrees to comply with all applicable laws and rules in effect at the date of this lease, or which may, from time to time, be adopted. If the lands under this lease are used or allowed to be used for any purpose contrary to the laws of this State or the United States, such unlawful use shall constitute sufficient reason for the cancellation of the lease. The Lessee shall not utilize or allow to be utilized any land under this lease for purposes other than the purpose for which it was granted.

IV. LANDLORD SERVICES AND LESSEE AGREEMENT

A. THE OWNER AGREES:

- 1) To assume all risk of damage to his property beyond the control of the Lessee.
- 2) Lessee may use dead timber or other timber specifically agreed upon for poles or posts to be used on this land.

B. THE LESSEE AGREES:

- 1) Not to assign this lease or sublet any portion of the property without the approval of the Owner.
- 2) Not to permit waste or damage to the property beyond ordinary wear and depreciation.
- 3) To permit Owner or his agent to enter premises at any time to inspect the range, count livestock, and make repairs and improvements as necessary.
- 4) To permit Owner to lease land for oil and/or gas development and permit entry of a third party in connection with the gas and oil

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development. The Lessee will be compensated for all forage or livestock damages arising from such lease.

- 5) To surrender peaceably possession and occupancy of the premises at the termination of the lease.

In Witness Whereof, we have signed this lease this _____ day of _____ 20__.

LESSEE:

BY: _____ Witness: _____

LESSOR:

City of Billings:

BY: _____
Mayor

City Clerk

STATE OF MONTANA)
 : ss.
County of Yellowstone)

On this _____ day of _____, 20____, before me, a Notary Public for the State of Montana, personally appeared **Wayne Townsend**, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(SEAL)

Notary Public for the State of Montana;
Residing at Billings, Montana;
My commission expires: _____

STATE OF MONTANA)
 : ss.
County of Yellowstone)

On this _____ day of _____, 20____, before me, a Notary Public for the State of Montana, personally appeared _____, known to me to be Mayor of the City of Billings, and acknowledged to me that the City of Billings executed this instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(SEAL)

Notary Public for the State of Montana;
Residing at Billings, Montana;
My commission expires: _____