

EXHIBIT A

**LEASE FOR GRAZING PURPOSES OF LLANO COUNTY SCHOOL LAND
SURVEY, LEAGUE NUMBER 964, TOM GREEN COUNTY, TEXAS**

This Lease is made and entered into by and between Llano County, a political subdivision of the State of Texas, (hereinafter referred to as the "Lessor"), by and through Honorable R. G. Floyd, Llano County Judge, pursuant to Article VII, Section 6, of the Texas Constitution, and _____, acting by and through _____, who has been duly authorized to act on behalf of _____ whose address is _____ (hereinafter referred to as the "Lessee").

I.

DESCRIPTION OF LAND LEASED

Llano County, Texas, Lessor, for and in consideration of the terms and conditions here set out does hereby lease to Lessee, all of the following described real property in Tom Green County, Texas, (hereinafter referred to as the "Leased Premises" or the "Premises"), for grazing purposes, subject to the following exceptions set forth below:

All that certain real property and improvements thereon situated in Tom Green County, Texas, and being approximately 17,200 acres, more or less, being the entirety of League No. 964, Llano County School Land Survey, according to the map or grant thereof as recorded in the map or deed records of Tom Green County, Texas.

SAVE AND EXCEPT THE LESSOR reserves to itself all of the oil, gas, and other minerals in and under and Wind Energy that may be produced from the above property. This grazing lease is expressly made subject to all existing and future mineral leases and pipeline easements; and, this grazing lease shall be subject to the rights of pipeline companies, and owners of mineral leases, and the right of Lessor, any of its officers or agents, to enter upon said land to explore, develop, produce,

and remove minerals, or for any other purposes. Lessee shall be directly compensated by the owners of all existing and future mineral leases and pipeline easements for any and all monetary or property damage which Lessee sustains either directly or indirectly from the operations of the mineral lease and/or the pipeline easements and Wind Energy on the above-described property. Furthermore, the Lessee may charge a reasonable sum for use of surface water by the mineral estate, such reasonableness to be determined by the Commissioners Court of Llano County, Texas.

II.

LEASE TERM

- A. Term. Except as otherwise provided in Subsection B of this Section II, the term of this Agreement shall be for a term of five (5) years, with a five (5) year renewable option, beginning on the 1st day of March 2006, and ending on the 28th day of February, 2011, provided Lessee pays each semi-annual installment as required under Section III of this Agreement, and provided Lessee is not in default under any other condition or provision of this Agreement.
- B. Termination of Remaining Years. The Lessor may terminate any or all of the remaining years of this lease agreement by providing a one year written notice to the Lessee, which must be received by the Lessee on or before the 28th day of February, 2011.

III.

PAYMENT OF RENTAL

In consideration for the lease of the above-described premises for grazing purposes, the Lessee agrees to pay a total rental of _____ to be paid to Lessor in ten (10) equal semi-annual installments, the first of which semi-annual installment is due upon the execution of this Agreement by the Lessee and the receipt of which is hereby acknowledged by Lessor. The

remaining semi-annual installments shall each be due on or before the 1st day of September and 1st day of March each and every year of the term of this lease. In the event that any semi-annual installment is not made on or before the date it is due, the Lessor may, at its option, upon written notice to the Lessee, charge an additional fifteen percent (15%) of the amount of the semi-annual installment or portion thereof, if not paid by the 10th day of the month in which due and an additional five percent (5%) per month for each full calendar month during which an semi-annual installment or any portion thereof remains unpaid; provided, however, that the acceptance of a late rental payment by the Lessor shall not be deemed to be a waiver of the Lessor's right to timely payment of future rentals.

IV.

RANGE CONSERVATION PROGRAM

In consideration of the grazing rights provided by this Agreement, the Lessee agrees to conduct a Range Conservation Program and to perform specific land improvements at Lessee's total cost where the cost of the Range Conservation Program during any given year of the lease term exceeds the amount of money available in the Range Conservation Fund established as prescribed in the Hunting, Fishing, and Camping Lease, which runs concurrently with this lease, and which is attached hereto and hereby incorporated by reference herein for all purposes as Exhibit B.

V.

IMPROVEMENTS

It shall be a condition of this Agreement that any permanent improvements which are made upon the premises during the term of this Agreement shall remain upon the premises and become a

part of the realty, and upon the termination or expiration of this Agreement, such improvements shall remain on the premises and belong to the Lessor without right of compensation to the Lessee.

VI.

EXHIBITS

- A. Exhibit A. The terms, provisions, conditions and specifications set forth in Exhibit A, are hereby incorporated by reference in this Agreement for all purposes, as if fully copied and set forth herein at length.
- B. Exhibit B. The Hunting, Fishing, and Camping lease, attached hereto as Exhibit B, runs concurrently with this grazing lease.
- C. Exhibit C. Exhibit C sets forth the insurance coverage requirements under this Lease, and is attached hereto and hereby incorporated by reference herein for all purposes, as if fully copied and set forth herein at length.
- D. Exhibit D. Exhibit D sets forth the specifications for Range Conservation Program and Improvements of Llano County School Land, in Tom Green County, Texas.
- E. Exhibit E. Exhibit E sets forth the specifications for the Animal Unit Class Equivalentents to be used for livestock leasing, livestock grazing on Llano County School Lands, Tom Green County, Texas
- F. Exhibit F. Exhibit F sets forth the specifications for the Llano County School Land Assumption of Risk, Waiver, Release and Indemnity Agreement.

VII.

RANGE MANAGEMENT

During the term of this Agreement, Lessee shall use said premises for grazing and related farming purposes only, in accordance with prudent range management practices, and shall not permit or permit to be committed any waste or injury to said premises or improvements located thereon. At any time during the term of this Agreement, if the Lessee does not in good faith undertake the Range Conservation Program and/or practices outlined in this Agreement and diligently pursue the same to completion Lessee shall be in default of this Agreement; and, Lessor, at its option after giving thirty (30) days written notice to Lessee, shall have the right to terminate this Agreement. Termination of the agreement under this provision shall not entitle the Lessee to a pro rata refund of any excess rental payment which may have already been paid by the Lessee.

VIII.

INDEPENDENT MONITOR

The Llano County Commissioners Court shall appoint an Independent Monitor who shall oversee, on behalf of the lessor, the Range Conservation Program and practices outlined in this Agreement. The Independent Monitor shall inform the Commissioners Court through semi-annual reports as to the progress and status of the Range Conservation Program and practices. The Lessee shall bear the total cost of the Range Conservation Program and practices, above and beyond any money deposited in the Range Conservation Fund pursuant to the Hunting, Fishing, and Camping Lease.

IX.

GRAZING LIMITS

The Lessee further agrees that at all times during the Lease period, Lessee will exercise its grazing rights only within the then current limits deemed acceptable by the Independent Monitor. The Llano County Commissioners Court, with recommendation from the Natural Resource

Conservation Service – Texas hereby established one (1) animal unit per fifty (50) acres with a maximum of three hundred fifty (350) animal units. If during any year of this Agreement, the Lessee disagrees with the grazing limits established by the lessor, the Lessee shall be entitled to appeal said grazing limits to the Commissioners Court of Llano County, Texas. The decision of said Commissioners Court with respect to grazing limits shall be final and binding upon the Lessee. Any over-grazing beyond those limits, shall constitute a default of a condition of this Agreement. See Exhibit E for “Animal Unit Class Equivalents”.

X.

GRAZING RIGHTS

By this Agreement, the Lessor grants Lessee the right to use the leased premises for grazing and related farming purposes only. This Agreement does not include any hunting, fishing, or camping rights. However, a separate Lease Agreement respecting hunting, fishing, and camping rights, attached hereto as Exhibit B, runs concurrently with this Agreement.

XI.

CONDITION OF PREMISES

Lessee has inspected or had the opportunity to inspect the premises and accepts the above-described premises in the condition in which it exists at the date of execution and delivery of this Agreement..

XII.

SUBLEASE OR ASSIGNMENT

A. Consent Required. The Lessee shall not sublease or assign the entirety or any portion of the above-described Premises for grazing purposes or related farming purposes, or for any other purpose whatsoever, without the prior written approval of the Commissioners Court of

Llano County, Texas. Any sublease or assignment by the Lessee without first obtaining written approval of the Commissioners Court shall constitute a default of the stated conditions set forth in this paragraph and shall be of no force or effect. Approval by the Commissioners Court is subject to any terms, conditions and provisions which the Commissioners Court may deem necessary. If given, approval by the Commissioners Court shall be set forth in a separate lease agreement, an order, or a resolution adopted by the Llano County Commissioners Court. However, any assignment or sublease does not relieve Lessee of its liability for payment of fees or other obligations if not performed by assignee or sublessee.

- B. Court Approval. No such approval by the Commissioners Court of any sublease or assignment shall be deemed in any event or in any manner to provide for the occurrence of any obligation of Lessor in addition to the obligations assumed by Lessor hereunder. Approval by the Commissioners Court of the sublease or assignment shall not be deemed a waiver by Lessor of any rights accrued or accruing against Lessee. No sublessee or assignee of Lessee's shall sublease or assign this Agreement, without the prior written approval of the Commissioners Court.

XIII.

DEFAULT

- A. Actions or Conditions Constituting Default. The Lessee shall be in default of this Agreement if the Lessee:
1. Fails to timely make rental payments in accordance with this Agreement;
 2. Is in default as specifically provided in any other Section of this Agreement;

3. Fails to meet any of its other obligations under this Agreement in accordance with the terms and conditions of this Agreement; or
4. Loses possession of the Premises by reason of receivership, bankruptcy proceedings, or other operation of law in any manner whatsoever.

B. Termination of Agreement or Relet of Premises. If the Lessee should fail to make timely rental payments, or if the Lessee remains in default under any other condition or provision of this Agreement, for a period of thirty (30) days after written notice from the Lessor, or should any person other than the Lessee secure possession of the premises or any part thereof by reason of any receivership, bankruptcy proceedings, or other operations of law in any manner whatsoever, the Lessor may, at its option, without further notice to the Lessee, terminate this Agreement; or, in the alternative, the Lessor may reenter and take possession of said premises and remove persons and property therefrom without being deemed guilty of any manner of trespass, and Lessor may relet the premises or any part thereof for all or any part of the remainder of the Agreement term to a party satisfactory to the Lessor for such rental as the Lessor may, with reasonable diligence, be able to secure. Should the Lessor be unable to relet the premises after reasonable efforts to do so, or should such rental be less than the rental the Lessee was obligated to pay under this Agreement, then the Lessee shall pay to the Lessor the amount of such deficiency plus expenses related to reletting the premises.

C. No Return of Rental Payment. In the event of any termination of this Agreement or reentry by the Lessor under the terms of this Section, the Lessee shall not be entitled to any return of any portion of any previously paid rental payment, provided however, that any unearned

rental payment shall be credited toward the amount of any deficiency required to be paid by the Lessee under the terms of this Section.

- D. **Liens.** It is expressly understood and agreed that in the event of default by the Lessee under the terms of this Section or under other provisions of this Agreement, the Lessor shall have a lien upon all stock, goods, chattel, or personal property of any character, kind, or description belonging to the Lessee which are placed on or become a part of the Premises as security for rent due and rent to become due for the remainder of the current lease term, which lien shall not be in lieu of or in any way affect statutory Lessor's lien given by law, which shall be cumulative thereto.

XIV.

SALE OF PREMISES

In the event of an outright sale of the premises or a portion thereof by the Lessor, the Lessor shall provide Lessee with one (1) year notice..

XV.

BREACH/RIGHTS AND REMEDIES

- A. **Breach.** If Lessee fails to meet any of its obligations under this Agreement, Lessee shall be deemed to be in breach of this Agreement; and, in the event of such breach, Lessor, shall be entitled to pursue any and all rights and remedies allowed under this Agreement, or under Texas law (constitutional law, statutory law, case law, rules, or regulations).
- B. **Rights and Remedies Cumulative.** All rights and remedies of the Lessor under this Agreement and under Texas law shall be cumulative; and, Lessor's exercise of any right or remedy under this Agreement or under Texas law, in whole or in part, shall not preclude

the exercise of any other right or remedy under this Agreement or under any law of the State of Texas.

- C. Rights and Remedies Concurrent. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion there for arises.
- D. No Waiver. In the event Lessor does not enforce any obligation of Lessee under this Agreement, or does not pursue any rights or remedies to which Lessor may be entitled or pursues a right or remedy only in part, such failure shall not be considered a waiver of Lessee obligations or Lessor's rights and remedies; and Lessor shall be entitled to pursue any right or remedy, in whole or in part, as provided in this Agreement or under Texas law.

XVI.

RELATIONSHIP OF PARTIES

This Lease shall not give rise to a partnership or joint venture relationship between the parties hereto. Neither party shall have the authority to bind the other without its written consent.

XVII.

INDEMNIFICATION AND CLAIMS NOTIFICATION

- A. Indemnification. The Lessee agrees and covenants to indemnify, hold harmless and defend Lessor, its officers, employees, agents and representatives from and against any and all claims, demands, losses, damages, causes of action, suits, liability of every kind, whether meritorious or not, including all expenses of litigation, court costs and reasonable attorneys' fees for the defense thereof, for death, bodily injury, other personal injury, or damage to any person or persons, or for damage to or loss of any property arising out of, or occasioned by, directly or indirectly, in whole or in part, the intentional or negligent acts or omissions of the Lessee, its officers, agents, representatives, servants, employees, contractors, guests,

invitees, licensees, or consultants on or about the leased premises, including but not limited to, the conduct or management of the Lessee's business or its use of the above-described leased premises.

If any claim, or other action or proceeding, including proceedings before an administrative agency, is made or brought by any person, firm, corporation, or other entity against Lessee or Lessor by reason of any claims, demands, losses, damages, causes of action, or suits, arising out of, or occasioned by those circumstances described in Paragraph A above, the Lessee further agrees and covenants to defend the claim, action, or proceeding by legal action acceptable to Lessor.

- B. County Liability Excluded. Lessee is not liable for the negligence or intentional acts or omissions of County, or its officers, employees or the County's appointed Independent Monitor on or about the leased Premises.
- C. Notice by Lessee. The Lessee shall give the Lessor written notice of:
1. any claim, action or proceeding, as provided in Article XX of this Lease Agreement, within five (5) working days after being notified of it or the threat of it;
 2. the name and address of the person, firm, corporation or other entity that made or threatened to make the claim, or that instituted or threatened to institute any kind of action or proceeding;
 3. the basis of the claim, action or proceeding;
 4. the court or administrative agency, if any, where the claim, action or proceeding was instituted; and
 5. the name or names of any person against whom the claim, action or proceeding is being made or threatened.

Except as otherwise directed, Lessee shall furnish Lessor with copies of all pertinent papers received by Lessee with respect to said claims, actions or proceedings.

D. Notice by Lessor. In the event Lessor receives notice of any claim, action or proceeding before Lessee, Lessor shall give Lessee written notice of any such claim, action or proceeding, within five (5) working days after the date Lessor receives notice of such claim, action or proceeding, as set forth above..

E Reimbursement. Lessee or its insurer shall reimburse the Lessor for any damage or loss, in accordance with this Section XVII, within thirty (30) days after a claim is submitted by Lessor.

G. Survival. The indemnity provisions set forth in this Section XVII shall survive the termination or expiration of this Agreement.

XVIII.

INSURANCE

A. Insurance Required. At all times during the term of this lease, Lessee shall carry and maintain in full force and effect, at its own expense, liability insurance sufficient to cover the liability of Lessee under this Agreement, as set forth in Exhibit C, attached hereto and hereby incorporated by reference herein, for all purposes, which contains a description of the type of insurance and the amount of insurance coverage.

B. Certificates of Insurance. Before execution of this Lease Agreement, the Lessee shall provide a certificate or certificates of insurance evidencing the insurance coverage required in Exhibit C with an insurer acceptable to Lessor. Each certificate shall be an original and shall provide that coverage under the policy cannot be cancelled and changes cannot be made until the insurer has given Lessor at least thirty (30) days advanced, written notice of

such cancellation or change; and, in the event of such cancellation or change. Each certificate of insurance shall name Llano County as an additional named insured.

- C. Annual Renewal. The liability insurance required under Paragraph A hereof shall run for a term of one year and shall be renewed annually throughout the term of this Lease.
- D. Cancellation or Change. In the event the insurance evidenced by said certificate or certificates is canceled or changed for any reason, the Lessee shall provide the Lessor written notice of said cancellation or change within ten (10) days after the Lessee receives notice of said cancellation or change; and, within thirty (30) days after Lessee receives notice of said cancellation or change, the Lessee shall obtain a new, replacement policy or policies and shall provide the Lessor with a new certificate or certificates of insurance evidencing, at a minimum, the insurance coverage set forth in Exhibit C.

Failure by Lessee to maintain the insurance required by this Section and Exhibit C attached hereto shall constitute default by Lessee under this agreement; and, in the event of such default, the Lessor shall be entitled to pursue any and all rights and remedies allowed under Texas law (constitutional law, case law, statutory law, rules, or regulations), and any and all rights and remedies allowed under this Lease Agreement.

- E. Remedies. In the event the insurance policy or policies purchased by Lessee under this Agreement do not cover liability incurred by Lessee under this Agreement, or, in the event said policy or policies are not in effect for any reason at the time Lessee incurs such liability, the Lessor shall be entitled to any and all rights and remedies allowed under Texas Law (constitutional law, statutory law, case law, rules, or regulations), including, but not limited to, any and all rights and remedies provided by other insurance policies covering Lessee, which are heretofore or hereafter in effect, as well as any and all assets of Lessee necessary

to cover such liability. Notwithstanding the requirements for insurance coverage set forth in this Agreement, Lessee shall remain liable to Lessor pursuant to Section XVII, Indemnification and Claims Notification.

XIX.

ASSIGNMENT BY LESSOR

The Lessor is expressly given the right to assign any or all of its interests under the terms of this Agreement. The Lessor expressly reserves the right, during the term of this Agreement, to convey any or all of its rights, title, or interests in or to the Leased Premises by deed or otherwise; provided, however, that any such conveyance shall be subject to the terms and conditions of this Agreement. As used in this Paragraph, the term "assignment" does not mean an outright sale of the Leased Premises which is covered in Section XIV of this Agreement.

XX.

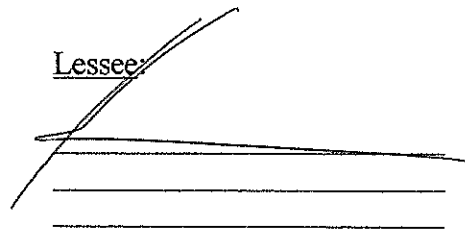
NOTICE

A. All notices sent to Lessor or Lessee under this Agreement shall be hand delivered or sent by registered or certified mail, postage prepaid, return receipt required, and addressed to the proper party at the following addresses:

Lessor:

Honorable R. G. Floyd
Llano County Judge
801 Ford Street Room 100
Llano, Texas 78643

Lessee:



B. For notice to Lessor to be effective, a copy of any such notice must also be sent in the same manner to the Llano County Auditor at the following address:

Ms. Cindy Lent, Llano County Auditor (or her successor in office)
Llano County Auditor's Office
100 W. Sandstone, Ste 200 A
Llano, Texas 78643
ATTN: Llano County School Land

- C. Either the Lessor, including the Llano County Auditor, or the Lessee may change its above-designated address by giving notice as provided in this Section.
- D. Notice sent by registered or certified mail shall be deemed effective three (3) days after deposit at a U.S. Post Office or in a U.S. Mailbox, provided said notice is given as required under Paragraphs A and B of this Section.

XXI.

APPLICABLE LAW

This Agreement shall be governed, interpreted and construed under and in accordance with the laws of the State of Texas and the laws of the United States of America.

XXII.

VENUE

All obligations of the parties created by virtue of this Agreement are fully performable in Llano County, Texas; and, venue for any dispute arising out of this Agreement shall be in Llano County, Texas.

XXIII.

SEVERABILITY

In the event that any one or more of the provisions contained in this Agreement shall be held, for any reason, to be invalid, illegal, or unenforceable in any respect, by a Court of competent

jurisdiction, such invalidity, illegality, or enforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

XXIV.

VACATING PREMISES UPON TERMINATION OR AT EXPIRATION OF AGREEMENT

Upon termination or the expiration of this Agreement, the Lessee shall promptly and peaceably vacate the whole of said Premises, and shall remove all livestock of every character and description belonging to the Lessee subject to any lien Lessor may have, and shall surrender possession of said Premises to the Lessor in at least as good a condition as it is in at the time of the execution of this Agreement, except for normal wear and tear. However, this Section shall not be construed to interfere with, diminish, or impair Lessor's rights under Section XIII or Section XVIII of this Lease Agreement.

XXV.

HEADINGS AND TITLES

Headings and titles at the beginning of the provisions of this Agreement have been included only to make it easier and more convenient to locate the subject matter covered by that part, section or subsection and shall not be used in interpreting or construing this Agreement.

XXVI.

CONSTRUCTION OF AGREEMENT

This Agreement shall be interpreted and construed according to its fair meaning and not for or against either party. Provisions, words, phrases and statutes, whether expressly set forth in this

Agreement or incorporated by actual use or reference, shall be applied to this Agreement in accordance with TEX. GOV'T CODE ANN. Chapters 311 and 312.

XXVII.

GENDER AND NUMBER

Words of any gender in this Agreement shall be construed to include any other gender; and words in either number shall be construed to include the other, unless the context in the Agreement clearly requires otherwise.

XXVIII.

TIME COMPUTATION

When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that Llano County has declared a holiday for its employees, these days shall be omitted from the computation.

XXIX.

AMENDMENT/MODIFICATION

Any amendment or modification to the terms of this Agreement or any exhibit attached hereto shall be in writing, shall be dated subsequent to the date of this Agreement, shall be approved by the Llano County Commissioners Court and shall be signed by each party to this Agreement. No officer, agent, employee or representative of Lessor has any authority to amend or modify the terms of this Agreement or any exhibit attached hereto, unless expressly granted that authority by the Llano County Commissioners Court.