

**GRAZING LEASE AGREEMENT  
RITO BLANCO RANCH**

This agreement between Rito Blanco Ranch Property Owners Association, Inc. (Lessor) and Formwalt Ranch (Lessee) is for the purpose of grazing rights on the below-described property.

The Lessor does hereby lease to the Lessee:

Rito Blanco Ranch Filing 1: Lots 1-8, and Filing 2-Lots 10-18, noting that ,  
Lot 9 of Filing 2 has been fenced out in its entirety and,  
Lot 11 of Filing 2 has approx 10 acres fenced out and approx 25 acres unfenced

The term of this lease shall be for a period of one year commencing on May 1, 2007 and expiring on April 30, 2008.

Lessee agrees to pay \$300.00 per year for the rent of said lands. Other considerations are to include the proper maintenance of the boundary fences, as they exist at the signing, to a condition to prevent the trespass of neighboring livestock upon said property during each grazing season. Lessee also agrees to use the land in a prudent manner so as not to degrade the road and drainage way conditions, ground cover, or timber stands during the terms of this lease; Acts of God being recognized and exempted.

Lessor agrees to allow a credit toward each year's lease payment for the upkeep of the boundary fences which Lessee maintains during each year up to the amount of the annual lease payment but not in excess of \$300.00 without first consulting with and obtaining the permission of the Lessor.

Lessee intends to graze 40-58 head of cattle upon the leased property and agrees to maintain all range improvements in a reasonable condition and to graze the land in a prudent manner.

Grazing shall begin no earlier than May 15, 2002 and will end no later than the 1<sup>st</sup> rifle hunting season.

Lessor shall endeavor to observe conditions of the property and improvements thereon, and make reasonable efforts to convey to Lessee any conditions of the property, roads, drainage ways, or other matters that would be of reasonable concern to property owners.

Absolutely under no circumstances will the Lessee hold the Lessor , or any of the members of the Lessor, liable for any event, accident injury or death to Lessee, his , employees , assigns, heirs, livestock or machinery while on the Lessors property under the terms of this lease agreement.

Lessee agrees that if any of the lots hereby leased to Lessor for the term of this lease are fenced out during the term of this lease, then Lessor shall be allowed access to said lots for the duration of the grazing season stated above. This excludes any conveyance of use of, Lot 9 of Filing 2 ( all 35 acres fenced out) ,or of Lot 11 of Filing 2 ( approx 10 acres fenced out), and which have been fenced out prior to this Agreement.

This lease will automatically renew on April 30 of 2008 , and on each successive year on this anniversary date unless either party has given notice to the other party of its termination of the renewal of this lease .Said notice must be given in writing to the other party ,90 days before the anniversary date (April 30 ).

IN WITNESS THEREOF, the parties hereto have set their hands the day and year so stated:

LESSEE:  
Formwalt Ranch

LESSOR:  
Rito-Blanco Ranch POA, Inc.

By: Bob Formwalt

Date

By: Norris Davidson, President

Date

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RITO BLANCO RANCH**

Address for all correspondence between parties:

Bob Formwalt  
Formwalt Ranch  
POBox 1051  
Pagosa Springs ,CO 81147  
Tel 970 264 2506

Norris Davidson  
Rito Blanco Ranch POA Inc  
114 Marmot Court  
Pagosa Springs,CO 81147  
970 731 2606

County of Archuleta        }  
  } ss.  
State of Colorado         }

On this \_\_\_\_\_ day of \_\_\_\_\_ A.D., 2007, before me, the undersigned, a Notary Public in said State, personally appeared Bob Formwalt, to me known to be the identical person named in, and who executed the foregoing instrument, and acknowledged that he performed the same as the voluntary act and deed.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

County of Archuleta        }  
  } ss.  
State of Colorado         }

On this \_\_\_\_\_ day of \_\_\_\_\_ A.D., 2007, before me, the undersigned, a Notary Public in said State, personally appeared Norris Davidson, to me known to be the identical person named in, and who executed the foregoing instrument, and acknowledged that he performed the same as the voluntary act and deed.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_