SPECIAL USE LEASE

Lease No. 60-C73351

BY THIS LEASE ("Agreement"), the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, ("State") leases to DANIEL AND MOLLY DAVIDSON, a Marital Community ("Lessee") the premises in Klickitat County, Washington, the legal description of which is set forth in Exhibit A, upon the terms and conditions and for the consideration enumerated herein. Said premises and rights leased hereby are referred to as the "Premises".

SECTION 1 OCCUPANCY

1.01 Lease Term. This Agreement shall commence on January 1, 2022 ("Commencement Date") and expire on December 31, 2031.

1.02 No Warranty of Quiet Enjoyment. State makes no warranty of quiet enjoyment of the Premises.

1.03 Condition of Premises. Lessee has had an opportunity to inspect Premises and enters into this Agreement solely in reliance on Lessee's own examination and not by reason of any representation by State. Premises are accepted in its present condition "AS IS". No reliance shall be placed on any opinion, material, or information provided by or through State, and Lessee does so at its own risk, cost and expense.
1.04 Third Party Interests. This lease is subject to all valid interests of third parties noted in the records of Klickitat County and on file with the Department of Natural Resources in Olympia, Washington.

SECTION 2 USE OF PREMISES

2.01 Permitted Use. For this Agreement, only the following uses are permitted:

The continued operation of a homesite and the use of a road on 5.8 acres more or less.

In the event the Lessee desires a change in acreage or use, authorization must be obtained in advance and in writing from the State. Approval may be conditioned upon adjustment of the payment in accordance with changes in acreage or use.

SECTION 3 PAYMENT

3.01 Rent. Payments made hereunder will be applied first to interest, then to outstanding or delinquent rent, leasehold tax and other charges owed, then to current rent, leasehold tax, and charges. The Lessee shall pay to the State, at Olympia, Washington, in advance, the required rent of THREE THOUSAND THREE HUNDRED SIXTY AND 00/100 DOLLARS ($3,360.00) for the period of January 1, 2022 to December 31, 2023 and FOUR THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS ($4,800.00) for the period of January 1, 2024 to December 31, 2024 and annually thereafter subject to adjustment under Subsection 3.06.

3.02 Leasehold Tax. Lessee shall pay to State, the leasehold tax as set forth in RCW Chapter 82.29A - Leasehold Excise Tax as may be amended. The tax shall be due and payable at the same time the rental charged herein is due and payable. Lessee may be assessed leasehold tax directly from the Washington State Department of Revenue. In this instance, Lessee must submit to State a written request, with supporting documentation from the Washington State Department of Revenue, to end leasehold tax billing.

3.03 No Counterclaim, Setoff, or Abatement of Rent. Rent and all other sums payable by Lessee hereunder shall be paid without the requirement of prior notice or demand by State, and shall not be subject to any counterclaim, setoff, deduction or defense and without abatement. The obligations and liabilities of Lessee shall in no way be released, discharged or otherwise affected, except as expressly provided in Subsection 14.06 (Condemnation).

3.04 Interest Charged for Past-Due Rent and Other Sums Owed. Lessee shall pay interest at the rate of one percent (1%) per month (or at such higher rate as may be authorized by statute after the Commencement Date), until paid, on rent or other sums owing under the terms of this Agreement commencing the date such rent or other sum is due and payable. In the event State pays any sum or incurs any expense which Lessee is obligated to satisfy or pay under this Agreement, or which is made on behalf of Lessee, State shall be entitled to receive reimbursement thereof from Lessee upon demand, together with interest thereon from the date of
expenditure at the rate stated above.

3.05 Late Charge for Failure to Pay. In the event the Lessee fails to make any payment of rent due upon the date due, the State shall be entitled to collect from the Lessee a late charge equal to six percent (6%) of the amount of the delinquent payment. Any failure to pay rent or any amount specified in this Section 3, or any other amount to be paid by the Lessee under terms of this Agreement within thirty (30) days of the date due, shall be a material default by the Lessee and such default shall entitle the State to pursue all remedies specified in this Agreement, including the right to terminate this Agreement, though failure to exercise such right shall not be construed as a waiver of the right and thereafter pursue any remedies available at law or equity, including those contained in Chapter 59.12 RCW.

3.06 Adjustment of Rent. Beginning on the fifth anniversary of the Commencement Date, and at intervals of five (5) years ("Adjustment Date"), a new annual rental will be established. In no event will the adjusted annual rental be less than the previous annual rental. Adjusted rental values established after the designated Adjustment Date shall be due retroactive to such Adjustment Date. The method for such adjustment shall be selected solely by the State from the following options:

(a) Increase of the current annual rent by the percentage change in the United States Department of Labor, Bureau of Labor Statistics, "All Items" Consumer Price Index for All Urban Consumers ("CPI"), US City Average (1982-84=100), between the date five (5) years previous to the Adjustment Date and the Adjustment Date, i.e., adjusted rental amount equals current annual rent times CPI as of current Adjustment Date divided by CPI as of date five (5) years previous. In the event the CPI ceases to be published, the State may substitute such other comparable cost of living index as then may be in publication by a comparable governmental agency.

(b) Determination of fair market value of the Premises within six (6) months before or after the Adjustment Date through evaluation of pertinent market evidence by State lease administrator and/or other appropriate State personnel.

(c) Determination of fair market value of the Premises within six (6) months before or after the Adjustment Date through formal appraisal by State's appraiser, certified general appraiser under contract with the State, or such other appraiser as may be agreed to by State. Such appraisal must be performed in accordance with the Uniform Standards of Professional Appraisal Practices (USPAP) as promulgated by the Appraisal Institute.

The market value will be determined exclusive of Lessee's improvements and as though ownership were in fee simple, not encumbered by lease.

3.07 Failure to Adjust Not Waiver. Failure of State to adjust rent pursuant to Subsection 3.06 above at the end of any five (5) year period shall not be a waiver by State of the right to adjust rent at the end of any subsequent five (5) year period. State shall retain the right, for so long as this Agreement remains in effect, to adjust rent as of the end of any five (5) year period, as though all prior adjustments had been made in accordance with the above provisions.
SECTION 4 RESERVATIONS

4.01 Compliance. The State shall have access to the Premises at all reasonable times to determine and secure compliance with this Agreement. Failure to inspect or enforce compliance shall not be construed as a waiver of the State's right to declare a breach, nor relieve Lessee of any liability to the State for any breach of the terms, conditions, or requirements of this Agreement.

4.02 Compatible Uses. State reserves for itself, its successors and assigns, the right at all times for any purpose to cross and re-cross the Premises at any place or grade, to grant easements/licenses over or leases to the Premises, to sell, or otherwise dispose of minerals, coal, oil, timber, gas, or other valuable materials from the Premises insofar as the State's activities on the Premises and any grant of rights the State makes to any person or entity shall not unreasonably interfere with the activities permitted hereunder.

4.03 Non-Default Termination. State reserves the right to terminate this Agreement upon 365 number days' written notice in the event the State includes the Premises in a plan for higher and better use, land exchange or sale.

SECTION 5 SPECIAL RESTRICTIONS

5.01 Permits and Conformance with Laws.

(a) Lessee shall obtain all building permits and other required permits, licenses, permissions, consents, and approvals from governmental agencies or third parties in connection with this Agreement and Lessee's permitted use including construction of any improvements, changes, alterations, additions, repairs, maintenance to or replacement of the Premises, or for the conduct of any business upon the Premises at the sole cost and expense of Lessee. Copies of such permits, licenses, permissions, consents, and approvals shall be supplied to State on request.

(b) Lessee shall conform to all applicable laws, regulations, permits, orders, or requirements of any public authority affecting the Premises and use, and shall correct at the Lessee's own cost and expense any failure of compliance created through the Lessee's fault or by reason of the Lessee's use. In no event shall Lessee undertake or suffer any activity to be conducted upon the Premises which constitutes a nuisance or which is a threat to the health or welfare of the general public.

(c) Lessee shall cause all work on the Premises and all business conducted thereon during the term to be performed in accordance with all applicable laws and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction.
5.02 Other Restrictions on Use.

(a) Lessee shall cut no State timber or remove State-owned valuable material, without prior written consent of the State. Prior to State's authorization for the cutting of timber, or removal of valuable material, the Lessee must pay to the State the fair market value of the timber or valuable material, as determined by the State.

(b) Lessee shall take all reasonable precautions to protect the land and improvements on the Premises from fire, make every reasonable effort to report and suppress such fires as may affect the Premises, and shall be subject to applicable fire laws affecting the Premises.

(c) Lessee shall prevent accumulation of equipment parts or "bone yards" on the Premises.

(d) This Agreement does not convey rights to media uses, communication sites, or any use on the Premises other than those expressly stated in this Agreement.

SECTION 6 UTILITIES, TAXES, LIENS

6.01 Utilities and Maintenance. During the term of this Agreement, Lessee shall pay all expenses incurred by Lessee in the use, enjoyment, and operation of the Premises, including, but not limited to, utility charges and all costs of maintaining and repairing the Premises and all improvements thereon whether now existing or hereafter installed. Lessee shall indemnify and hold the State harmless against any loss, liability, or expense resulting from any failure of Lessee to pay all such charges when due.

6.02 Taxes and Assessments.

(a) Lessee shall pay during the term of this Agreement all taxes and other governmental charges of any kind applicable or attributable to the installation of Lessee owned improvements on the Premises, Lessee's leasehold interest, and Lessee's use and enjoyment.

(b) Lessee shall pay its prorated share of all assessments that are legally required to be paid now or may be charged during the Agreement term to the Premises or Lessee owned improvements. Lessee shall not cause or suffer the imposition of any assessment upon the Premises without the prior written consent of State. In the event any new assessment is proposed which affects the Premises, Lessee shall immediately notify State of such proposal after Lessee has knowledge or receives notice thereof. Any assessment upon the Premises shall be made in compliance with all applicable statutes, including, but not limited to, Chapter 79.44 RCW.
Lessee Liens. Lessee shall not suffer or permit any lien to be filed against the State’s interest in the Premises, or improvements thereon by reason of work, labor, or services performed thereon or materials supplied to, by or through the Lessee. If any such lien is filed, Lessee shall cause the same to be discharged of record within thirty (30) days after the date of filing or creation of such lien unless other arrangements are authorized in writing by the State in advance. Lessee shall indemnify the State for any costs, damages or expenses (including attorneys’ fees and courts’ costs) incurred as a result of such liens or in obtaining their discharge whether such costs, damages or expenses were incurred prior or subsequent to termination or cancellation of this Agreement.

SECTION 7 LESSEES INDEMNITY; INSURANCE REQUIREMENTS

7.01 Indemnity. Lessee releases and shall indemnify and defend (with counsel acceptable to State) State, its employees, officers, and agents from and against any and all claims arising out of the use, occupation or control of the Premises by Lessee, its agents, and employees. A “claim” as used in this subsection means any claim of any nature whatsoever for penalties, financial loss, damages (including but not limited to bodily injury, sickness, disease or death, or injury to or destruction of property, land and other natural resources including the loss of use thereof), costs or expenses (including but not limited to attorney’s fees), whether or not resulting in a suit or action or reduced to judgment. This release and the obligation to indemnify shall not be eliminated or reduced by the concurrent negligence of the State, its officials, employees, or agents, except as provided in this subsection. To the extent that RCW 4.24.115 applies, Lessee shall not be required to indemnify State from State’s sole or concurrent negligence. Lessee waives its immunity under Title 51 to the extent it is required to indemnify the State herein.

7.02 Insurance Requirements. Lessee shall, at all times during the term of this contract at its cost and expense, buy and maintain insurance of the types and amounts listed below. Failure to buy and maintain the required insurance may result in the termination of the contract at State’s option.

All insurance and surety bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best’s Reports. Any exception shall be reviewed and approved by the department’s risk manager before the contract is accepted. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC.

State shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications:

1. Insurers subject to Chapter 48.18 RCW (admitted and regulated by the Insurance Commissioner): The insurer shall give the State 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the State shall be given ten (10) days advance notice of cancellation.
2. Insurers subject to Chapter 48.15 RCW (surplus lines): The State shall be given twenty (20) days advance notice of cancellation. If cancellation is due to non-payment of premium, the State shall be given ten (10) days advance notice of cancellation.

Before starting work, Lessee shall furnish with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements specified in the contract and, if requested, copies of polices to State. The certificate of insurance shall reference the State of Washington, Department of Natural Resources, and the lease number.

Lessee shall include all subcontractors as insured under all required insurance policies, or shall furnish separate certificates of insurance and endorsements for each subcontractor. Subcontractor(s) must comply fully with all insurance requirements stated herein. Failure of subcontractor(s) to comply with insurance requirements does not limit Lessee's liability or responsibility.

The State, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella, and property insurance policies.

All insurance provided in compliance with this contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by State.

Lessee waives all rights against State for recovery of damages to the extent these damages are covered by general liability or umbrella insurance maintained pursuant to this contract. All insurance policies must expressly waive any right of subrogation by the insurance company against the State and the State's officials, employees, and agents.

If Lessee is self-insured, evidence of its status as a self-insured entity shall be provided to State. If requested by State, Lessee must describe its financial condition and the self-insured funding mechanism.

By requiring insurance herein, State does not represent that coverage and limits will be adequate to protect Lessee, and such coverage and limits shall not limit Lessee's liability under the indemnities and reimbursements granted to State in this contract.

The limits of insurance, which may be increased by State, as deemed necessary, shall not be less than as follows:

**Commercial General Liability (CGL) Insurance.** Lessee shall maintain general liability (CGL) insurance covering claims for bodily injury, personal injury, or property damage arising on the property and/or out of Lessee's operations and, if necessary, commercial umbrella insurance with a limit of not less than $1,000,000 per each occurrence. If such CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit.
CGL insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability arising out of premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another party assumed in a business contract), and contain separation of insured (cross liability) condition.

**Employer's Liability ("Stop Gap") Insurance.** Lessee shall buy employers liability insurance, and, if necessary, commercial umbrella liability insurance with limits not less than $1,000,000 each accident for bodily injury by accident or $1,000,000 each employee for bodily injury by disease.

**Workers' Compensation Coverage.** Lessee shall comply with all State of Washington workers' compensation statutes and regulations. Workers' compensation coverage shall be provided for all employees of Lessee and employees of any subcontractor or sub-subcontractor. Coverage shall include bodily injury (including death) by accident or disease, which exists out of or in connection with the performance of this contract. Except as prohibited by law, Lessee waives all rights of subrogation against State for recovery of damages to the extent they are covered by workers' compensation, employer's liability, commercial general liability, or commercial umbrella liability insurance.

If Lessee, subcontractor or sub-subcontractor fails to comply with all State of Washington workers' compensation statutes and regulations and State incurs fines or is required by law to provide benefits to or obtain coverage for such employees, Lessee shall indemnify State. Indemnity shall include all fines, payment of benefits to Lessee or subcontractor or sub-subcontractor employees, or their heirs or legal representatives, and the cost of effecting coverage on behalf of such employees.

**Business Auto Policy (BAP).** The Lessee shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than $1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto".

Business auto coverage shall be written on ISO form CA 00 01, or substitute liability form providing equivalent coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage and cover a “covered pollution cost or expense” as provided in the 1990 or later editions of CA 00 01.

The Lessee waives all rights against the State for the recovery of damages to the extent they are covered by business auto liability or commercial umbrella liability insurance.

Lessee shall maintain Personal Liability Insurance, as applicable, under a personal liability insurance policy, commercial liability insurance policy, or package property and liability insurance policy covering claims for bodily injury, personal injury, or property damage arising on the property and/or out of Lessee’s operations and, if necessary, commercial umbrella insurance with a limit of not less than $1,000,000 per each occurrence.
Property Insurance. If applicable, Lessee shall buy and maintain property insurance covering all real property and fixtures, equipment, and lessee improvements and betterments. Such insurance shall be written on an all risks basis and, at a minimum, cover the perils insured under ISO special causes of loss form CP 10 30, and cover the full replacement cost of the property insured. Such insurance may have commercially reasonable deductibles. Any coinsurance requirement in the policy shall be waived. State shall be included as an insured and a loss payee under the property insurance policy. Lessee shall buy and maintain boiler and machinery insurance required by contract documents or by law, covering real property, fixtures, equipment and tenants improvements or betterments from loss or damage caused by the explosion of steam boilers or pipes.

In the event of any loss, damage or casualty which is covered by one or more of the types of insurance described above, the parties to this agreement shall proceed cooperatively to settle the loss and collect the proceeds of such insurance, which shall be held in trust by State, including interest earned by State on such proceeds, for use according to the terms of this agreement. The parties agree that such insurance proceeds shall be used to repair and restore damaged improvements to their former condition and usefulness or replacement of the same with equivalent or more suitable improvements.

When sufficient funds are available, using insurance proceeds described above, the parties shall continue with reasonable diligence to prepare plans and specifications for, and thereafter carry out, all work necessary to:

a. Repair and restore damaged building(s) and/or improvements to their former condition, or

b. Replace said building(s) and/or improvements with a new building(s) and/or improvements on the premises of a quality and usefulness at least equivalent to, or more suitable than, damaged building(s) and/or improvements.

SECTION 8 FINANCIAL SECURITY

8.01 Financial Security – Performance and Payment. Beginning January 1, 2023, at its own expense, Lessee shall procure and maintain during the Term of this Lease a corporate security bond or provide other financial security that State, at its option, may approve (“Security”). Lessee shall provide Security in an amount equal to Five Thousand Dollars ($5,000.00), which secures Lessee’s performance of its obligations under this Lease, with the exception of the obligations under Section 9.02, Hazardous, Toxic, or Harmful Substances. Lessee’s failure to maintain the Security in the required amount during the Term constitutes a breach of this Lease. This provision shall survive the expiration or termination of this Agreement to the extent that it applies to post-expiration or post-termination responsibilities of Lessee.
(a) All Security must be in a form acceptable to the State.

(1) Bonds must be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better, in the most recently published edition of Best's Reports, unless State approves an exception. Lessee may submit a request to the risk manager for the Department of Natural Resources for an exception to this requirement.

(2) Letters of Credit, if approved by State, must be irrevocable, allow State to draw funds at will, provide for automatic renewal, and comply with RCW 62A.5-101, et. seq.

(3) Savings Account Assignments, if approved by State, must allow State to draw funds at will.

Adjustment in Amount of Security.

(1) State may require an adjustment in the Security amount:
(i) At the same time as revaluation of the Annual Rent,
(ii) As a condition of approval of assignment or sublease of this Lease,
(iii) Upon a material change in the condition or disposition of any Improvements, or
(iv) Upon a change in the Permitted Use.

(2) Lessee shall deliver a new or modified form of Security to State within thirty (30) days after State has required adjustment of the amount of the Security.

(c) Upon any default by Lessee in its obligations under this Lease, State may collect on the Security to offset the liability of Lessee to State. Collection on the Security does not (1) relieve Lessee of liability, (2) limit any of State’s other remedies, (3) reinstate or cure the default or (4) prevent termination of the Lease because of the default.

SECTION 9 WEEDS, HARMFUL SUBSTANCES

9.01 Weed Control. Lessee shall control weeds on the Premises. Lessee shall be responsible for, or shall immediately reimburse State for, any weed control cost incurred, as a result of Lessee's failure to control weeds on said Premises.

Lessee shall prevent weed infestations by applying management practices which discourage their establishment or spread. The Lessee shall detect and control the invasion of new weeds. Weeds will be controlled using appropriate mechanical, biological and chemical treatments that meet the requirements of Washington State and Federal law.
Lessee shall use Integrated Pest Management (IPM) to control weeds. This means using a coordinated decision-making and action process that considers all weed management methods and strategies, and applies them in an environmentally and economically sound manner to meet weed management objectives. The elements of integrated pest management for weeds include:

a. Preventing weed problems;

b. Monitoring for the presence of weed species;

c. Establishing the density of the weed population (which may be zero) that can be tolerated;

d. Treating weed problems to reduce their populations below the tolerable threshold, using strategies that may include biological, cultural, mechanical, and chemical control methods, and that consider human health, ecological impact, feasibility and cost-effectiveness; and

e. Evaluating the effects and efficacy of weed control treatments.

9.02 Hazardous, Toxic, or Harmful Substances.

(1) Hazardous Substance(s) are any substance subject to regulation under the Washington Hazardous Waste Management Act (Ch. 70.105 RCW) and implementing regulations; and any hazardous substance under the Washington Model Toxics Control Act (Ch.70.105D RCW) and implementing regulations; and any hazardous substance or hazardous waste as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§ 9602 et seq.) and implementing regulations, as these laws are amended from time to time; underground storage tanks, whether empty, filled, or partially filled with any substance; asbestos; urea formaldehyde foam insulation; PCBs; and any other substance, waste, material, or chemical deemed or defined as hazardous, toxic, a pollutant, contaminant, dangerous or potentially dangerous, noxious, flammable, explosive, or radioactive, the removal of which is required or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling, or shipment of which is restricted, prohibited, regulated or penalized by any federal, state, county, municipal or other local governmental statute, regulation, ordinance, or resolution as these laws are amended from time to time.

(2) Prohibited Activities. Lessee shall not keep on or about Premises any Hazardous Substances unless both of the following applies:

(a) The Hazardous Substance is necessary to carry out Lessee’s permitted use under this Agreement; and
(b) Lessee fully complies with all federal, state, and local laws, regulations, statutes, and ordinances now in existence or as subsequently enacted or amended pertaining to the use, presence, transportation, or generation of Hazardous Substances.

(3) Lessee shall immediately assume responsibility for a Hazardous Substance release (spill) caused by Lessee on or adjoining Premises. Responsibility includes, but is not limited to the following:

(a) Immediately notify all necessary emergency response agencies, as required under federal, state, and local laws, regulations, or policies.

(b) Follow emergency response agency notifications and notify State of all spill releases, and Lessee actions completed for spill reporting, and Lessee's actions planned or completed toward spill cleanup as provided in this Lease for Non-Fire Emergencies. At Lessee's sole expense, conduct all actions necessary to mitigate the spill release.

(c) Other than performing initial emergency response cleanup and containment actions, obtain approvals in advance of all site cleanup actions (e.g., site characterization investigations, feasibility studies, site cleanup and confirmation sampling, and groundwater monitoring) conducted on Premises, in coordination with regulatory agencies and State.

(d) Be familiar with all necessary Hazardous Substance spill release notification and response mitigation requirements in advance of conducting Lessee operations on Premises.

(4) Lessee shall immediately notify State when Lessee has actual knowledge of any of the following:

(a) All failures to comply with any federal, state, or local law, regulation, or ordinance, as now enacted or as subsequently enacted or amended with respect to the use, presence, transportation, or generation of Hazardous Substances in, on, about, or adjacent to Premises;

(b) All inspections of Premises by, or any correspondence, orders, citations, or notifications from, any regulatory entity concerning Hazardous Substances affecting Premises;

(c) All regulatory orders or fines, or all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party concerning the use, presence, transportation, or generation of Hazardous Substances in, on, about, or adjacent to Premises;
(d) On request, Lessee shall provide copies to State of any and all correspondence, pleadings, and/or reports received by or required of Lessee or issued or written by Lessee or on Lessee's behalf with respect to the use, presence, transportation, or generation of Hazardous Substances in, on, about, or adjacent to Premises.

(e) Lessee's Indemnity. Lessee shall be fully and completely liable to State, and, to the extent permitted by law, shall indemnify, defend (with counsel acceptable to State), which consent shall not be unreasonably withheld, and save harmless State and its employees, officers, and agents from any and all damages, costs, fees (including attorneys' fees and costs), penalties, and oversight costs arising from Lessee's or Permittees' use, disposal, transportation, generation, and/or sale of Hazardous Substances and for any breach of this Section, except to the extent (i) there was a pre-existing condition and contamination on Premises and/or State-owned Improvements, or (ii) caused by (1) State, its employees, officers or agents, (2) another State tenant, its employees or agents, or (3) a third party. Notwithstanding any other provision of this Lease to the contrary, Lessee shall not be liable for any claims, damages, costs, fees, or penalties arising out of any contamination that may exist on Premises, and State-owned Improvements prior to Lessee's use or occupancy thereof pursuant to this Lease.

(5) State agrees that they will not, and will not permit any third party, to place, dispose of, or store any Hazardous Substance on State Land in violation of applicable laws.

SECTION 10 ASSIGNMENTS

10.01 Assignment. Lessee shall not hypothecate, mortgage, assign, sublease, transfer, or otherwise alienate this Agreement ("Assignment"), or any interest, without the prior written consent of State, which consent shall not be unreasonably withheld. In granting any such consent under this Clause State shall be entitled to consider, among other items, the proposed assignee's, sublessee's or transferee's financial condition, business reputation, business, and such other factors as may reasonably bear upon the suitability of the assignee, sublessee, or transferee as lessee of the Premises. If Lessee is a corporation, partnership, or other association, (1) the transfer of more than fifty percent (50%) of the ownership interest in such entity, or (2) the sale of all or substantially all of the assets of Lessee shall be deemed to constitute an "assignment" of this Agreement which requires consent of State. The consent of State to any one assignment shall not constitute a waiver of State's right to consent to subsequent assignments, nor shall consent of State to any one assignment relieve any party previously liable as Lessee from any obligations under this Agreement, who shall remain joint and severally liable as primary obligor and not as surety.
The acceptance by State of the payment of rent following an assignment shall not constitute consent to any assignment and State’s consent shall be evidenced only in writing. The State may require reimbursement for any additional administrative costs resulting from the assignment.

10.02 Name Change. If during the term of this Agreement Lessee changes its name, Lessee shall provide State with documentation legally supporting the name change within sixty (60) days of the effective date of the change. Lessee may contact State’s Southeast Region office in Ellensburg Washington for a list of acceptable documentation.

SECTION 11 IMPROVEMENTS

11.01 Authorized Improvements. No improvement shall be placed by Lessee on the Premises without the prior written consent of State. Consent shall be granted through this Agreement or a written Letter of Authorization issued by State. Unauthorized improvements placed by Lessee shall either be removed by Lessee without damage to the Premises, removed by State at Lessee’s expense, or become the property of State, at State’s option.

All improvements currently on the Premises belong to State except those authorized improvements placed by Lessee which, if any, are listed on Exhibit B. Exhibit B may be supplemented with a Letter of Authorization issued by State, for the purpose of authorizing additional improvements to the Premises during the term of this Agreement. Letters of Authorization shall be cumulative and become addenda to Exhibit B when determining the total number of authorized improvements.

11.02 Plan Approval. The plans or specifications for the construction of the authorized improvements listed on Exhibit B or authorized by Letter of Authorization issued by State, and for such changes or alterations, including amendments of such plans or specifications, shall be submitted to State for its approval.

11.03 Disposition of Authorized Improvements. Upon the expiration or earlier non-default termination of this Agreement, all improvements shall belong to State as provided in RCW 79.13.050 without compensation to Lessee, except for those authorized improvements set forth on Exhibit B and all subsequent Letters of Authorization, which are identified within those exhibits as remaining in Lessee’s ownership after expiration of the Agreement; provided, however, all improvements set forth on Exhibit B and all subsequent Letters of Authorization and all crops shall be forfeited and become the property of State upon cancellation of this Agreement for default.

If Lessee has been authorized by this Agreement to retain ownership of improvements beyond the expiration of this Agreement and Lessee is not issued a new agreement at expiration, State, at its sole discretion, will elect one of the following options: 1) State shall purchase such improvements; 2) State shall offer the premises and all improvements for lease or sale at public auction; or, 3) Lessee shall remove such improvements within, and in no case later than, sixty (60) days after expiration of the Agreement, provided that any improvements remaining thereafter shall belong to State.
If the value of improvements to remain the property of Lessee is not set forth on Exhibit B and agreement cannot be reached between State and Lessee on the value of such improvements in order for State to exercise option 1 or 2 in the preceding paragraph, a review board of appraisers consisting of three (3) individuals will be formed to determine the "fair market value" of the improvement as defined in RCW 79.13.160. These individuals must have expertise germane to the permitted use of the Premises to serve on this review board. Per RCW 79.13.160, said review board shall be made up of one (1) member appointed by State, whose expenses shall be borne by State, one (1) member appointed by Lessee, whose expenses shall be borne by Lessee, and one (1) member to be appointed by the two aforementioned members, whose expenses shall be shared equally by Lessee and State. The majority decision of the review board shall determine the value of such improvements; and, the review board shall report its findings to State and Lessee.

The review board of appraisers shall determine the value of the Lessee owned improvements, and the value of the land; and, state the distinct values which, when added together, constitute the traditional fair market value of the assets.

Under option 2 above, State shall, upon determination of the value of the improvements, offer the Premises for lease or sale at public auction, with improvements. The value of such improvements shall be collected at the time of public auction and the money so collected shall be remitted to Lessee, less any damages or waste to the property or State-owned improvements caused by Lessee. Lessee shall execute a bill of sale or other instrument requested by State showing transfer of title to the improvements immediately upon State's request following the determination of value and prior to transfer of funds due Lessee for the improvements as set forth herein.

In the event the Premises are not leased or the improvements are not sold following public auction, then Lessee shall have sixty (60) days to remove the authorized improvements, after which time all improvements remaining on the Premises shall belong to State.

11.04 Removal of Improvements during Lease. During the term of this Agreement, authorized improvements owned by Lessee may be removed by Lessee upon the prior written approval of State. The Lessee shall be liable for any and all rents and any and all damage to the Premises or any improvement belonging to State resulting from such removal.

11.05 Surety Bond. At State's request, Lessee shall obtain a surety bond, cash deposit, certificate of deposit, savings account assignment, performance bond issued by a company acceptable to State, or letter of credit to guarantee payment of damages and performance of all provisions or obligations of Lessee under this Agreement, in an amount established by State, to assure completion of construction, development, rehabilitation, or removal of any improvements costing in excess of $2,500.

11.06 State's Repairs. The State shall not be required or obligated to make any repairs, alterations, maintenance, replacements, or repairs in, on, or about the Premises, or any part thereof, during the term of this Agreement.
11.07 Hold Harmless. Lessee shall indemnify, defend (with counsel acceptable to State) and hold harmless State, its employees, officers, and agents from and against all claims and liabilities arising by virtue of or relating to construction of the authorized improvements or repairs made at any time to the authorized improvements (including repairs, restoration and rebuilding). Lessee shall regularly and timely pay any and all amounts properly payable to third parties with respect to such work and will maintain its books and records in the State of Washington, with respect to all aspects of such work and materials therefore, and will make them available for inspection by State or its representatives as requested.

11.08 Permits; Compliance with Codes. Lessee shall cause all work on the Premises during the Term to be performed in accordance with all applicable laws and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction. Lessee is responsible, at Lessee's sole cost and expense, to cause the authorized improvements and the Premises to comply with all applicable governmental laws, statutes, rules, regulations and/or ordinances that apply to the Premises during the Agreement Term, whether now in effect, or hereinafter adopted or enacted.

11.09 Lessee's Repairs, Alteration, and Maintenance. With respect to Lessee's use of the Premises, Lessee shall, at its sole cost and expense, keep and maintain the Premises and all improvements thereon and all facilities appurtenant thereto (regardless of ownership) in good order and repair and safe condition for the safe conduct of any activities or enterprises conducted on the Premises pursuant to this, and keep and maintain the Premises, including all improvements in a clean, sanitary and attractive condition.

Throughout the term of this Agreement, Lessee shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Premises for work or labor done, services performed, or materials used or furnished to be used in or about the Premises for or in connection with any construction, improvements or maintenance or repair thereon made or permitted to be made by Lessee, its agents, or sublessees. Any liens, encumbrances or claims of third parties with respect to any of the foregoing, shall be expressly subordinate and subject to the rights of State under this Agreement.

11.10 Condition at End of Lease. Upon vacating the Premises at the expiration or earlier termination of this Agreement, Lessee shall leave the Premises and all improvements thereon in the state of repair and cleanliness required to be maintained by Lessee during the Term of this Agreement and shall peaceably surrender the same to State. If State elects to have Lessee remove improvements, Lessee shall at its sole expense remove such improvements and return the Premises to grade level free of all debris.
SECTION 12 ROADS

12.01 Access is via county road

12.02 Access across Premises. Lessee is authorized, subject to any rights previously granted to third parties, to use existing roads on the Premises as needed to enjoy the permitted uses, the location of which are illustrated on the map(s) attached as Exhibit C. Lessee may, with written approval of State, construct additional roads.

12.03 Road Repair. Lessee shall repair or cause to be repaired at its sole cost and expense that damage to said road(s) occasioned by it which is in excess of that which it would cause through normal and prudent usage of said road(s). Within fifteen (15) days of the damage, Lessee shall meet with State and provide a plan of operation for the repairs.

12.04 Road Maintenance. Road maintenance is defined as work normally necessary to preserve and keep the roads in their present condition or as hereafter improved. At a minimum, roads shall be maintained to meet forest practice standards set forth in WAC 222-24-050 as now written or hereafter amended. Unless contrary to the terms of an express easement authorizing access, the cost of performance of road maintenance and resurfacing shall be allocated on the basis of respective uses of said road. During periods when a road, or portions thereof, is used solely by Lessee, Lessee shall solely maintain that portion of said road to the standards set forth above; provided State reserves the right to make reasonable allocations concerning priority of use and maintenance of said roads by it and others. Where there is joint use of a road, or portion thereof, Lessee shall perform or cause to be performed, or contribute or cause to be contributed, that share of maintenance and resurfacing occasioned by such use as hereinafter provided. During periods when more than one party is using the same road or any portion thereof, the parties hereto shall meet and establish necessary maintenance provisions. Such provisions shall include, but shall not be limited to:

(a) The appointment of a maintainer, which may be one of the parties hereto or any third party, who will perform or cause to be performed at a reasonable and agreed upon rate the maintenance and resurfacing of the road or the portion thereof being used; and

(b) A method of payment by which each party using said road or a portion thereof, shall pay its pro rata share of the cost incurred by said maintainer in maintaining or resurfacing said road or portion thereof.

12.05 Road Improvements. Lessee shall construct no improvements to roads where access has been provided by State without the prior written consent of State, which shall not be unreasonably withheld. Unless State agrees to share in the cost of the improvement in writing, the improvements shall be at the sole cost of the improver.
SECTION 13 DEFAULT AND REMEDIES

13.01 Default. In the event of any material breach of any provision of this Agreement by Lessee, the breach, after expiration of any grace period as provided in this subsection, shall be deemed a default entitling State to cancel this Agreement and seek any other remedies set forth in this Agreement or otherwise available at law or equity. State shall deliver to Lessee notice of the breach and a demand that the same be remedied immediately. Lessee shall not be in default if the breach pertains to the payment of money and Lessee cures the breach within thirty (30) days of receipt of the notice, or if the breach pertains to a matter other than the payment of any monies due under this agreement, Lessee shall after receipt of the notice promptly commence to cure the breach and shall cure the breach within forty-five (45) days after receipt of the notice. If such breach is non-monetary in nature, and, as determined by State, is not reasonably susceptible of being cured in said forty-five (45) days (provided that the lack of funds, or the failure or refusal to spend funds, shall not be an excuse for a failure to cure), Lessee shall commence to cure such breach within said period and diligently pursue such action with continuity to completion. If Lessee fails to cure a default, all Lessee owned improvements shall at the option of State, be removed by Lessee, be removed by State at the cost to Lessee, or become the property of State.

13.02 Reentry. In the event of any default by Lessee, State shall have the right, with or without canceling the Agreement, to reenter the Premises and remove all persons and property from Premises and take whatever actions may be necessary or advisable to relet, protect or preserve the Premises. Any property so removed may be stored in a public warehouse or other suitable place or otherwise disposed of in State's discretion at the expense and for the account of Lessee. State shall not be responsible for any damages or losses suffered by Lessee as a result of such reentry, removal, storage or other disposition, and no such action shall be construed as an election to terminate this Agreement unless a written notice of termination is given to Lessee.

13.03 Termination of Agreements. Whether or not State elects to terminate this Agreement on account of any default by Lessee and subject to any non-disturbance and attornment agreements, if any, State shall have a right to terminate any and all subleases, licenses, concessions or other arrangement for possession affecting Premises. Alternatively, State, in its sole discretion, may succeed to Lessee's interest in such sublease, license, concession or arrangement, and Lessee shall have no further right to or interest in the rent or other consideration receivable thereunder.

13.04 Survival. All obligations of Lessee to be performed prior to the expiration or earlier termination shall not cease upon the termination or expiration of this Agreement and shall continue as obligations until fully performed. All clauses of this Agreement that require performance beyond the termination or expiration date shall survive the termination or expiration date of this Agreement. Upon expiration or earlier termination of this Agreement, the rights of Lessee and of all persons, firms, corporations, and entities claiming under Lessee in and to the Premises and all improvements hereon, unless specified otherwise in this Agreement, shall cease.
13.05 State's Right to Cure Defaults. If Lessee fails to perform and is in default of any undertaking or promise contained herein, the State shall have the option, but is not obligated, to make such performance after giving ten (10) days written notice to the Lessee. The State's costs and expense to correct Lessee's failure to perform shall be reimbursed by Lessee and shall be immediately due and payable, together with interest accruing from the date such cost or expense is incurred.

13.06 Remedies Cumulative. The specified remedies to which the State may resort under the terms of this Agreement are cumulative and are not intended to be exclusive of any other remedies or means of redress to which State may lawfully be entitled in case of any breach or threatened breach by Lessee of any provision of this Agreement.

13.07 Nonwaiver. Waiver by the State of strict performance of any provision of this Agreement shall not be a waiver of nor prejudice the State's right to require strict performance of the same provision in the future or of any other provision. The acceptance of performance, rent, or any other sum owing, by State following a breach by the Lessee of any provision of this Agreement shall not constitute a waiver of any right of the State with respect to such breach and State shall be deemed to have waived any right hereunder only if State shall expressly do so in writing.

13.08 Force Majeure. The Lessee's failure to comply with any of the obligations under this Agreement shall be excused only if due to causes beyond Lessee's control and without the fault or negligence of the Lessee, including acts of God, acts of the public enemy, acts of any government, fires, floods, epidemics and strikes.

13.09 Insolvency of Lessee. If the Lessee becomes insolvent, a receiver is appointed, or Lessee's interest is transferred by operation of law by reason of insolvency, the State may terminate this Agreement at its option. Insolvency as used herein will mean the inability of the Lessee to meet its monetary obligations under this Agreement as they come due.

SECTION 14 GENERAL PROVISIONS

14.01 Governing Law. This Agreement shall be construed, interpreted and enforced pursuant to the laws of the State of Washington. Venue shall be in Thurston County. The terms of this Agreement shall be given their ordinary meaning and shall not be presumed construed in favor of or against either party hereto.

14.02 No Partnership. The State is not a partner nor a joint venturer with the Lessee in connection with the activities conducted and business carried on under this Agreement, and the State shall have no obligation with respect to the Lessee's debts or other liabilities.

14.03 Lessee's Authority. Persons executing this Agreement on behalf of Lessee represent that they are authorized to do so and represent and warrant that this Agreement is a legal, valid, and binding obligation on behalf of Lessee, and is enforceable in accordance with its terms.


14.04 **State’s Authority.** This Agreement is entered into by State pursuant to the authority granted by statute and the Constitution of the State of Washington. The terms and conditions hereof are subject to such statutory and constitutional provisions as may be now in effect and such provisions which do not impair the contractual rights of Lessee under this Agreement which may lawfully be enacted subsequent to the date of this Agreement.

14.05 **Preservation of Markers.** Lessee shall not destroy any land survey corner monuments and reference points (including but not limited to corner markers, witness objects, or line markers) without prior written approval from the State, which shall not be unreasonably withheld. Monuments or reference points that must necessarily be disturbed or destroyed during construction or operations must be adequately referenced and replaced, at the Lessee's cost, under the direction of a State of Washington Professional Land Surveyor, in accordance with all applicable laws of the State of Washington, including but not limited to RCW 58.24, and all relevant Department of Natural Resources regulations.

14.06 **Condemnation.** If all of the Premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Agreement, this Agreement terminates as of the date the condemner takes possession. If part of the Premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Agreement, the State or Lessee may choose to terminate this Agreement as of the date the condemner takes possession. If either the State or Lessee elects to terminate this Agreement, the rents or other charges to be paid by Lessee will be apportioned by the State and paid by the Lessee to the date of taking. If neither the State nor Lessee elects to terminate this Agreement, the rent will be reduced in the same proportion that the value of the portions of the site to be taken bears to the value of the entire site as of the date condemner takes possession.

If the taking is for a period which will end on or extend beyond the expiration of the term of this Agreement, Lessee will have no claim or interest in or to any award of damages for the whole or partial taking of the site, except that the Lessee will be entitled to an amount equal to the fair market value of any improvements as of the date of taking (except trade fixtures) considered by this Agreement to be owned by the Lessee taken by the condemner.

If temporary use of all or part of the site is taken by any lawful authority under the power of eminent domain for a period ending before the expiration of the term, this Agreement will continue in full force and Lessee will be entitled to receive any award from the condemner for the use of all or part of the Premises.

The State and Lessee will give to the other immediate written notice of any proceedings with respect to a condemnation and of any intentions of any authority to exercise the power of eminent domain.
14.07 **Interpretation and Numbering.** This Agreement has been submitted to the scrutiny of all parties hereto and their counsel if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight given to it being drafted by any party hereto or their counsel. Section and subsection numbers, headings, or titles are for convenience only and are not to be construed to limit or to extend the meaning of any part of this Agreement.

Section and subsection numbers may be omitted or out of sequence because of inclusion or exclusion of sections or subsections in this Agreement at the option of the State. Cross references to sections or subsections that are not included in this Agreement should not be construed as material references.

14.08 **Time of Essence.** Time is expressly declared to be of the essence of this Agreement and each and every covenant of Lessee and the State hereunder.

14.09 **Amendments.** Any amendments, revisions, supplements, or additions to this Agreement or the attached exhibits shall be made in writing executed by the parties hereto, and neither State nor Lessee shall be bound by verbal or implied agreements. Such changes may be made by re-execution of the signature page and the deletion and addition of the appropriate new effective pages or exhibits governing the change, if any.

14.10 **Entire Agreement.** This written Agreement or its successor or replacement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid.

14.11 **Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent prove to be invalid, unenforceable, void, or illegal, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall be not affected thereby, and each term and provision of this Agreement shall be valid and be enforced as written to the fullest extent permitted by law.

14.12 **Attorney Fees.** If either party brings suit or submits to an alternative dispute process to interpret or enforce any provision of the agreement, the prevailing party shall be entitled to reasonable attorney fees, paralegal fees, accountant and other expert witness fees and all other fees, costs and expenses actually incurred in connection therewith, including those incurred on appeal, in addition to all other amounts provided by law, regardless of whether the matter proceeds to judgment or is resolved by the defaulting party curing the default.
14.13 Notices and Submittals. Any notice or submittal given under this Agreement shall be deemed as received when delivered by hand or five (5) days after deposit in the United States mail with first-class postage affixed, addressed as noted. Changes of address may be given in accordance with this section. Any notice or submittal given under this Agreement shall be:

To the State:

Where Agreement provisions require submittal to State office:
Department of Natural Resources
Upland Leasing
PO Box 47014
Olympia, WA 98504-7014

Where Agreement provisions require submittal to the State at its Region office:
Department of Natural Resources
Southeast Region
713 Bowers Road
Ellensburg, WA 98926

To the Lessee at the address affixed with signature or Lessee's last known address.

14.14 Proprietary Information/Public Disclosure. Materials or information submitted as required in this Agreement shall become public records within the meaning of RCW Chapter 42.56.

Any submitted materials or information that the Lessee claims as exempt from disclosure under the provisions of RCW 42.56 must be clearly designated. The page must be identified and the particular exemption from disclosure upon which the Lessee is making the claim must be identified by the RCW citation number.

The State will consider a Lessee’s request for exemption from disclosure; however, the State will make an independent decision on the applicability of any claimed exemption consistent with applicable laws. The portion of a document claimed as exempt must qualify for exempt status as identified in RCW 42.56. Marking the entire submitted materials or information exempt from disclosure cannot be honored. If a public records request is made regarding materials that the Lessee has requested as exempt, the affected Lessee will be given notice of the request and allowed ten business days to seek a court injunction against the requested disclosure prior to the State fulfilling the public records request.
14.15 Exhibits. This agreement is subject to the terms and conditions of exhibits referenced herein, which are attached hereto and by this reference made a part hereof.

Exhibit: A -- Legal Description,
Exhibit: B -- Authorized Improvements,
Exhibit: C - Access Roads,

Dated: 6-10, 2022
DANIEL DAVIDSON

Dated: 6-10, 2022
MOLLY DAVIDSON
Address: 620 Cunliff Road
Goldendale, WA 98620
Phone: (509) 250-1316

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 7-11, 2022
KATHRYN MINK,
Southeast Assistant Region Manager
Address: 713 Bower Road
Ellensburg WA 98926
Phone: (509) 925-8510

Approved as to form
this 14th day of November, 2018
By: Jason Foust
Assistant Attorney General
NOTARIAL CERTIFICATE
ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY

STATE OF WASHINGTON

) ss.

COUNTY OF KLICKITAT

I certify that I know or have satisfactory evidence that DANIEL DAVIDSON is the person(s) who appeared before me, and said person(s) acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 10/10/2022

[Signature]

[Notary Stamp]

NOTARY PUBLIC in and for the State of Washington

My appointment expires 4/19/2025

Special Use Lease 24 of 29 Lease No. 60-C73351
NOTARIAL CERTIFICATE
ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY

STATE OF WASHINGTON
COUNTY OF KLICKITAT

) ss.

I certify that I know or have satisfactory evidence that MOLLY DAVIDSON is the person(s) who appeared before me, and said person(s) acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 4/10/22

JESSICA L WANG
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES APRIL 19, 2025

My appointment expires 4/19/25

NOTARY PUBLIC in and for the State of Washington
NOTARIAL CERTIFICATE
ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

STATE OF WASHINGTON

COUNTY OF KITTITAS

On this 11th day of July, 2022, personally appeared before me Kathryn Mink, to me known to be the Southeast Assistant Region Manager of the Department of Natural Resources, State of Washington, who executed the within and foregoing instrument on behalf of the State of Washington, and acknowledged said instrument to be the free and voluntary act and deed of the State of Washington for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the official seal of the Commissioner of Public Lands for the State of Washington.

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

[Signature]
NOTARY PUBLIC in and for the
State of Washington
My appointment expires 3/02/2026
EXHIBIT A
Legal Description of Premises

COMMENCING AT THE NORTHWEST CORNER OF SECTION 16, TOWNSHIP 4 NORTH, RANGE 15
EAST, WILLAMETTE MERIDIAN, LOCATED IN Klickitat COUNTY, WASHINGTON, WITH ALL
BEARINGS AND DISTANCES CONTAINED HEREIN RELATIVE TO THE WASHINGTON COORDINATE
SYSTEM, SOUTH ZONE, NAD 83 (2011); THENCE S00°02'40"E ALONG THE WEST LINE OF
SAID SECTION 16 FOR 1321.25 FEET TO THE NORTH 1/16 SECTION CORNER COMMON TO
SECTIONS 16 AND 17, AND POINT OF BEGINNING; THENCE N89°53'20"E ALONG THE NORTH
LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 16
FOR 77.25 FEET; THENCE S29°50'18"W FOR 57.19; THENCE S01°06'40"E FOR 2209.28
FEET; THENCE S39°06'02"E FOR 122.53 FEET; THENCE S89°11'04"E FOR 158.17 FEET;
THENCE S00°02'38"E FOR 258.43 FEET; THENCE S89°11'30"E FOR 325.27 FEET; THENCE
N00°02'40"W FOR 2609.50 FEET TO SAID NORTH 1/16 SECTION CORNER COMMON TO
SECTIONS 16 AND 17, AND POINT OF BEGINNING;
CONTAINING 5.8 ACRES.
SUBJECT TO THE NORTH 20 FEET THEREOF FOR CUNLIFF COUNTY ROAD RIGHT OF WAY.
**EXHIBIT B**
Authorized Improvements

**IMPROVEMENTS AUTHORIZED BY THE STATE:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home and Outbuildings</td>
<td>W1/2 SW1/4 NW1/4S W1/4 of Section 16</td>
</tr>
<tr>
<td>2 Wells</td>
<td>W1/2 SW1/4 NW1/4S W1/4 of Section 16</td>
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<tr>
<td>2 Septic Systems</td>
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**STATE-OWNED IMPROVEMENTS, INCLUDING, BUT NOT LIMITED TO:**

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<td>None</td>
<td></td>
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</table>
July 11, 2022

Dan and Molly Davidson  
620 Cunliff Road  
Goldendale, WA 98620

Subject: Agreement Correction, Lease No. 60-C73351

Dear Lessees:

It has come to our attention that an error was made to the above referenced agreement in Exhibit B, Authorized Improvements, on page 28 of 29. The corrected Exhibit B is attached.

If you concur with this change, please sign and return one letter to DNR at 713 Bowers Road, Ellensburg, WA 98926.

This change is allowed under RCW 79.02.040 Reconsideration of official acts, and reads as follows:

"The Department of Natural Resources may review and reconsider any of its official acts relating to state lands until such time as a lease, contract, or deed shall have been made, executed, and finally issued, and the department may recall any lease, contract, or deed issued for the purpose of correcting mistakes or errors, or supplying omissions."
If you have any questions regarding this correction to your lease, please contact Chad Unland, Land Manager, at (509) 925-0935 or chad.unland@dnr.wa.gov.

Sincerely,

[Signature]

Kathryn Mink
Assistant Southeast Region Manager

Enclosure (1)

c: Chad Unland, Special Use Manager  
   DNR Title Office  
   Lease #60-C73351

[Signature]  
Dan Davidson  
[Date] 7-22-22

[Signature]  
Molly Davidson  
[Date] 7-22-22
EXHIBIT B
Authorized Improvements

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<tbody>
<tr>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>
WHEREAS, There are now deposited in the Bureau of Land Management of the United States an application by the State of Washington and a decision of the Land Office at Portland, Oregon, directing that a patent issue to the State of Washington under the provisions of the Act of Congress approved June 21, 1934 (48 Stat. 1185), entitled "An Act Authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the Act approved February 22, 1889, by the Act approved January 25, 1927 (44 Stat. 1026), and by any other Act of Congress," for the following numbered school section lands in place, granted for the support of common schools and the title to which vested in the State of Washington under the Act of February 22, 1889 (25 Stat. 676) upon its admission into the Union on November 11, 1889 (26 Stat. 1552):

Willamette Meridian, Washington.

- T. 4 N., R. 10 E.,
  Sec. 36, N½ and SE½.
- T. 5 N., R. 10 E.,
  Sec. 36, All.
- T. 6 N., R. 10 E.,
  Sec. 16, All;
  Sec. 36, All.
- T. 3 N., R. 11 E.,
  Sec. 16, All;
  Sec. 36, All.
- T. 4 N., R. 11 E.,
  Sec. 16, N½, N1/2S½, SW1/2SW1/2, and SE1/2SE1/2;
  Sec. 36, SW1/2.

Department of Natural Resources
State of Washington
Department of Natural Resources
Box 168
Olympia, Wash. 98501

Patent Number 46-70-008a
VOL. 15 PAGE 31
T. 3 N., R. 13 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 4 N., R. 13 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 5 N., R. 13 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 6 N., R. 13 E.,
  Sec. 36, W1/2.

T. 2 N., R. 14 E.,
  Sec. 16, Lots 1, 2, and 5, and N1/2NE1/4.

T. 3 N., R. 14 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 4 N., R. 14 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 5 N., R. 14 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 6 N., R. 14 E.,
  Sec. 36, A11.

T. 2 N., R. 15 E.,
  Sec. 16, Lots 3 and 4 and N1/2NW1/4.

T. 3 N., R. 15 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 4 N., R. 15 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 5 N., R. 15 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 6 N., R. 15 E.,
  Sec. 36, A11.

T. 3 N., R. 16 E.,
  Sec. 16, A11;
  Sec. 36, Lots 1 to 4, inclusive, and N1/2NW1/4.

T. 4 N., R. 16 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 5 N., R. 16 E.,
  Sec. 16, A11;
  Sec. 36, A11.

T. 6 N., R. 16 E.,
  Sec. 36, A11.
T. 3 N., R. 17 E.,
Sec. 16, NW\frac{1}{4}NW\frac{1}{4} and SE\frac{1}{4}.

T. 4 N., R. 17 E.,
Sec. 16, All;
Sec. 36, All.

T. 5 N., R. 17 E.,
Sec. 16, All;
Sec. 36, All.

T. 6 N., R. 17 E.,
Sec. 36, All.

T. 3 N., R. 18 E.,
Sec. 16, Lots 1, 2, 3, and 4, NE\frac{1}{4} and NE\frac{3}{4}NW\frac{1}{4};
Sec. 36, Lots 1 and 2 and NW\frac{3}{4}NE\frac{1}{4}.

T. 4 N., R. 18 E.,
Sec. 16, All;
Sec. 36, All.

T. 5 N., R. 18 E.,
Sec. 16, All;
Sec. 36, All.

T. 6 N., R. 18 E.,
Sec. 36, All.

T. 4 N., R. 19 E.,
Sec. 16, All;
Sec. 36, All.

T. 5 N., R. 19 E.,
Sec. 16, All;
Sec. 36, All.

T. 6 N., R. 19 E.,
Sec. 16, All;
Sec. 36, All.

T. 3 N., R. 20 E.,
Sec. 16, All.

T. 4 N., R. 20 E.,
Sec. 16, All;
Sec. 36, All.

T. 5 N., R. 20 E.,
Sec. 16, All;
Sec. 36, All.

T. 6 N., R. 20 E.,
Sec. 16, All;
Sec. 36, All.

T. 3 N., R. 21 E.,
Sec. 16, Lots 1, 2, 3, and 4, W\frac{3}{4}NW\frac{1}{4} and NW\frac{3}{4}SW\frac{1}{4}.

T. 4 N., R. 21 E.,
Sec. 16, All;
Sec. 36, All.
At a meeting of the Board of State Land Commissioners, when were present the undersigned members, the following proceedings were had:

ORDER

IN RE Application No. 697 by Klickitat County for Right of Way for County Road.

It appearing to the Board at this time that the above numbered application was filed in the office of the Commissioner of Public Lands by Klickitat County for an easement for right of way for a county road over and across the SE1/4 of the NE1/4, the SW1/4 of the NE1/4, the NE1/4 of the SW1/4, the SW1/4 of the NW1/4, and the NE1/4 of the NW1/4, of section 16, township 4 north, range 15 east W. M., that said application was filed in accordance with the law of 1897, which provides as follows:

"Rights of way may be granted by the Board of State Land Commissioners over public lands to any county or city desiring to construct a public road across the same;"

and

It further appearing that there is no merchantable timber on the area included in the right of way and that no good reason exists why this right of way should not be allowed, it is, therefore,

ORDERED and DETERMINED that the plat showing the survey of said right of way as filed with said petition, be and the same is hereby approved as the official plat of said road, and that an easement be and the same is hereby granted to Klickitat County for
a county road over and across the following described land:

All that portion of the SE\(\frac{1}{4}\) of SW\(\frac{1}{4}\) of section 16, township 6 north, range 15 east W. M., included within the limits of a strip of land 20 feet in width lying north of, parallel and contiguous to the south line of said section; also

All those portions of the SE\(\frac{1}{4}\) of SW\(\frac{1}{4}\) and the NW\(\frac{1}{4}\) of NE\(\frac{1}{4}\) of section 16, township 6 north, range 15 east W. M., included within the limits of a strip of land 60 feet in width having 30 feet of such width on each side of the following described center line:

Beginning at the quarter section corner on the south line of said section 16 and running thence N. 0° 19' W. along the north and south center line of the section to a point which is 20 feet north of the southwest corner of the NW\(\frac{1}{4}\) of NE\(\frac{1}{4}\) of said section; also

All that portion of the SE\(\frac{1}{4}\) of SW\(\frac{1}{4}\) of section 16, township 6 north, range 15 east W. M., included within the limits of a strip of land 20 feet in width lying south of, parallel and contiguous to the north line of said SE\(\frac{1}{4}\) of SW\(\frac{1}{4}\); also

All that portion of the SE\(\frac{1}{4}\) of SW\(\frac{1}{4}\) of section 16, township 6 north, range 15 east W. M., included within the limits of a strip of land 60 feet in width having 30 feet of such width on each side of the following described center line:

Beginning at a point on the north and south center line of said section 16 which is S. 0° 19' W. 2336 feet distant from the quarter section corner on the south line of said section and running thence S. 39° 45' east 300.3 feet, S. 89° 35' east 72.2 feet, S. 39° 45' east 263.0 feet and S. 89° 15' east 1401.0 feet to a point on the east line of said section 16 which is S. 0° 25' east 2540.4 feet distant from the northwest corner of said section.

The several rights of way hereinabove described have a total area of 9.69 acres according to the plat thereof on file in the office of the Commissioner of Public Lands at Olympia, Washington.

Dated this 16th day of January A.D., 1920.

C. Y. Savidge

I. M. Howell

Attest:

M. H. Tamblin
Secretary of the Board

W. W. Sherman
Board of State Land Commissioners.
KLICKITAT County.

Section 16 Township 4 N. Range 15 E. - W. M.

NW¼ of NW¼  NE¼ of NW¼  NW¼ of NE¼  NE¼ of NE¼

0.6 Ac.  1.8 Ac.  2.7 Ac.  1.8 Ac.

SW¼ of NW¼  SE¼ of NW¼  SW¼ of NE¼  SE¼ of NE¼

60'  60'

NW¼ of SW¼  NE¼ of SW¼  NW¼ of SE¼  NE¼ of SE¼

SW¼  SE¼

SW¼ of SW¼  SE¼ of SW¼  SW¼ of SE¼  SE¼ of SE¼

0.6 Ac.  0.6 Ac.
NOW, THEREFORE, KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, and in conformity with the said Act of Congress of June 21, 1934, and as evidence of the title which was granted to and vested in the State of Washington to the above-described lands on November 11, 1889, for the support of common schools, as aforesaid, and in confirmation of such title for such purpose, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT, unto the said State of Washington, and to its assigns, the lands above described; TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said State of Washington, and to its assigns, forever.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Portland, Oregon the TWENTY-THIRD day of JUNE in the year of our Lord one thousand nine hundred and SEVENTY and of the Independence of the United States the one hundred and NINETY-FOURTH.

[Seal]

By

Mandary, Oregon Land Office
STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
PETER GOLDFMARK, Commissioner of Public Lands

COMMISSIONER’S ORDER
FOREST HEALTH HAZARD WARNING DESIGNATION
KLIKKTAT COUNTY
YAKIMA COUNTY

1. Recitals
The Washington State Legislature has established that the state faces serious forest health problems, primarily in eastern Washington, where forests are overcrowded or trees lack sufficient resilience to insects, diseases, wind, ice storms, and wildfires (RCW 76.06.140). Under state law, the Commissioner of Public Lands is responsible for serving as the state’s lead on all forest health issues and may initiate actions to manage threats to forest health, including:

   Encouraging landowners and managers to maintain their forest lands in a healthy condition in order to meet their individual ownership objectives, protect public resources, and avoid contributing to forest insect or disease outbreaks or increasing the risk of uncharacteristic fire (RCW 76.06.040), and

   Addressing forest health issues by a tiered system of authorities (RCW 76.06.160), and

   Appointing a forest health technical advisory committee to advise the Commissioner of Public Lands on remedial actions when it is determined that forest lands in any area of the state appear to be threatened by a forest health condition (RCW 76.06.170), and

   Having considered the committee’s findings and recommendations, issuing a Forest Health Hazard Warning to address an existing threat to forest health or to manage the development of such a threat (RCW 76.06.180), and

   Coordinating, supporting and assisting in establishing cooperative forest health projects to address outbreaks, and prioritizing available assistance in areas under a Forest Health Hazard Warning (RCW 76.06.030, 160).

2. Forest Health Hazard Warning Established
In accordance with such authorities, and as per statutory requirements, having received recommendations from the forest health technical advisory committee on July 2, 2012; having consulted with county governments, forest land owners and managers, consulting foresters, and other interested parties; and having on July 23, 2012; held public meetings in the affected area, I, Peter Goldmark, hereby ORDER and DECLARE a Forest Health Hazard Warning including recommended voluntary actions for all federal, state and private lands within the boundary described below and depicted in Exhibit A, and for the applicable causes and forest conditions described herein:

   That portion of Klickitat County which lies north of the Bickelton-Mabton and Bickelton-Goldendale Highway between the intersection of U.S. Highway 97 and the eastern County boundary, and which lies north of the Columbia River between U.S. Highway 97 and the western border of the Klickitat Watershed Resource Inventory Area, extending to the southern border of the Yakama Indian Reservation, and

   That portion of Yakima County which lies north of the Yakama Indian Reservation boundary, principally including the exterior boundary of the Ahtanum State Forest.

The Warning area boundary contains portions of forested land managed by federal agencies, including: scattered forest parcels managed by the U.S. Department of the Interior, Bureau of Land Management; the Conboy Lake National Wildlife Refuge managed by the U.S. Department of the Interior, Fish and Wildlife Service.
3. Cause for the Warning and Applicability
The causes and applicability of the Forest Health Hazard Warning declared herein are as follows:

For ponderosa pine and mixed coniferous forests in the dry forest environment that are experiencing or contain susceptible conditions for damage from pine bark beetles, principally mountain pine beetle and western pine beetle, wherever they may occur throughout the Warning area.

4. Description of Susceptible Forest Conditions
Any parcel located within the warning area boundary is subject to the voluntary actions recommended under this order, if it contains the following forest stand conditions constituting host suitability for the causal and applicable insects:

Ponderosa pine and mixed coniferous stands in the dry forest environment containing greater than fifty percent ponderosa pine, and containing trees of an average diameter equal to or greater than ten inches at breast height, and exhibiting a stand density of one hundred twenty square feet of tree basal area per acre or greater, provided

That due consideration and priority is given to areas adjacent to the 2011 Monastery Complex wildfire, which may be experiencing elevated populations of pine bark beetles and other insects.

5. Recommended Actions
Forest landowners and managers are advised to consider the following actions:

Seek the assistance of a professional forester to evaluate site-specific risks and management objectives, and

Within existing local, state and federal requirements, pursue hazard reduction activities which address the susceptible forest conditions outlined in Paragraph 4 above, including but not limited to tree thinning, harvest, and controlled burning as discussed in the July 2, 2012 recommendations of the forest health technical advisory committee. Committee recommendations are posted on the DNR website: www.dnr.wa.gov, and

Focus these activities, to the extent compatible with landowner and land manager objectives, on the highest priority forest types and restoring benchmark forest conditions specified in the July 2, 2012 recommendations of the forest health technical advisory committee.

6. Tribal Government-to-Government Consultation
Consistent with Commissioner’s Order No. 201029, DNR seeks to maintain openness in government-to-government consultative discussions with the Yakama Nation in establishing the Forest Health Hazard Warning area. Yakama tribal forest management is recognized as exemplary in identifying and quickly addressing forest health hazards and the Yakama Indian Reservation is excluded from the Warning area. However, further consultation on mutually beneficial hazard reduction objectives and activities may be desirable. Therefore, IT IS FURTHER ORDERED that the DNR State Forester and the Tribal Relations Manager shall, upon the request of the Yakima Nation, consult on DNR’s behalf regarding implementation of the Forest Health Hazard Warning with such personnel as the Yakama Nation may designate as their representative.

7. Implementation by DNR staff
IT IS FURTHER ORDERED that DNR staff shall prioritize technical assistance, project funding, and project coordination services within all designated Forest Health Hazard Warning areas, consistent with statutory authority and other requirements of applicable law, available resources, and existing deliverables.

DNR staff shall identify to their appropriate Deputy Supervisor such additional resources and capacity as may be necessary to adequately address forest hazards.

DNR staff shall engage other land management, regulatory, and technical assistance agencies, and interested landowners and stakeholders, in order to develop and evaluate 1) Near-term
options for priority projects with the Warning area boundary, and 2) Long-term action strategies to prevent or reduce the severity of future outbreaks, and their attendant negative consequences for environmental and economic forest values.

DNR staff shall coordinate with the technical advisory committee in developing a system to monitor progress and results of activities pursuant to RCW 76.06.170(2)(d), recognizing that implementing committee recommendations across the scope and scale of identified forest conditions will require sustained effort over an extended period of time.

DNR staff shall maintain employee and public safety when implementing projects designed to improve forest health conditions and protect public and trust resources.

Any landowner or manager subject to this Warning may make a written request for review of a forest health management plan, which DNR may certify as adequate to address the subject of the Warning pursuant to RCW 76.06.180(9). The submittal of all proposed plans should be sent to the attention of:

Karen Ripley
Forest Health Program Manager
Washington State Department of Natural Resources
1111 Washington St. SE
MS 47001
Olympia, WA 98504

IT IS SO ORDERED THIS 14TH DAY OF AUGUST, 2012.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

PETER GOLDMARK
COMMISSIONER OF PUBLIC LANDS
Forest Health Hazard Warning

- Pine bark beetles
- Ponderosa pine suitable host areas for bark beetles
- Lodgepole pine suitable host areas for bark beetles
- Suitable host areas for western spruce budworm
- County Boundaries
Section 1 Parties, Premises, Term, Use, and Payments

Lessor:
DEPARTMENT OF NATURAL RESOURCES ("State")
SOUTHEAST REGION (509) 925-8510
713 BOWERS RD southeast.region@dnr.wa.gov
ELLENSBURG, WA 98926

Lessee: KAYSER LAND & CATTLE INC. ("Lessee")
366 BASSE RD
CENTERVILLE WA, 98613

1.01 Property Description. State hereby leases to Lessee the following described property ("Premises"), subject to the encumbrances and reservations, if any, as shown: NE1/4, SW1/4 NW1/4, SE1/4 NW1/4, SE1/4 Section 16, Township 4 North, Range 15 East, W.M., Klickitat County, Washington; EXCEPTING therefrom that portion of W1/2 SW1/4 NW1/4 SW1/4 as shown in hatch marks on Exhibit 6G attached, containing 398.6 acres based on the official GLO plat map dated 03/25/1861.

1.02 Term. This lease shall commence on September 1, 2021 ("Commencement Date"), and shall expire on August 31, 2031 ("Termination Date").

1.03 Condition of Premises. Taking possession of the Premises by Lessee shall constitute acknowledgment by Lessee that the Premises are in good and tenantable condition and that the Premises are in all respects suitable for the uses permitted in Section 1. The State has no obligation to make any repairs, additions, or improvements thereto and expressly disclaims any warranty that the Premises are suitable for such permitted use(s).
Lessee acknowledges its use of the Premises is subject to State's exercise of State's Reservations set forth in Section 4.

1.04 Permitted Use, Rent, Taxes, and Assessments. The Lessee shall use the Premises for the Permitted Use(s) identified below and no other. Lessee shall pay rent on the due date and annually thereafter, according to the rent adjustment clause below. Lessee shall pay all taxes, assessments, and utilities as required under Subsection 1.12.

| Payment Due Date: September 1st |
| CRP Due Date: October 30, 2022 |

<table>
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<tr>
<th>Permitted Uses/Payments</th>
<th>Acres</th>
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<th>Amount</th>
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<td>Dryland Agriculture</td>
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<td>Cereal Grains</td>
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<td>Improved Pasture</td>
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<td>*$651.94</td>
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<td>Grazing</td>
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<td>*$222.37</td>
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<table>
<thead>
<tr>
<th>Payment Summary</th>
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<td>Rent Subject to Leasehold Excise Tax</td>
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<td>Leasehold Excise Tax (12.84%)</td>
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<td>*Non-Taxable Rent</td>
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<tr>
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<td>Weed Assessment - Klickitat County</td>
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<td>Assessment Total</td>
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<tr>
<td>Payment Required on Due Date</td>
<td>$5,091.72</td>
</tr>
</tbody>
</table>

**Conservation Reserve Program.** When State is eligible for payments for participation in the Conservation Reserve Program or similar non-tillage programs under applicable federal farm legislation, State's share shall be as stated in the Conservation Reserve Program Contract(s) or other farm program contracts for the lease premises. If the Conservation Reserve Program Contract(s) expires or otherwise terminates prior to the end of the Term, the Lease shall be automatically amended upon notice to Lessee to reflect the new rent associated with the approved Permitted Use, which rent shall be determined pursuant to Section 1.09.

Rent for the above CRP Contract Numbers is based on their corresponding Amount(s) per Acre values. CRP rent for the period of October 1, 2021 – September 30, 2022 will be due annually on October 30th, and adjusted automatically upon execution of any acreage change to the CRP contract.
Commodity Program Payments. When State is eligible for payments for participation in Direct and Counter-Cyclical Payment Program or other commodity programs under applicable federal farm legislation, State’s share of payments for base acreage shall be the stated crop share percentage in this subsection if the Premises are farmed or in a crop rotation. If the Premises are not farmed, State’s share shall be 50% (including leasehold tax) of the commodity program payments, or as stated in any farm program contract(s) for the Premises.

1.05 Change in Permitted Use. In the event Lessee desires a change in acreage, crops, or use, including grazing, authorization must be obtained in advance and in writing from State. Approval may be conditioned upon adjustment of the payments identified in Section 1, in accordance with changes in acreage, crops, or use. If approved, a written Change in Permitted Use authorization will be provided to Lessee, which shall automatically amend this Lease on the date the Change in Permitted Use becomes effective by its terms. Permitted use(s) may be further limited by Section 2. The Lessee shall put the Premises to full beneficial use in accordance with customary industry standards, the permitted use(s), acres, and crop(s) designated herein, and any plan of development schedules identified herein. Failure to do so will be grounds for default.

1.06 No Counterclaim, Setoff, or Abatement of Rent. Rent and all other sums payable by Lessee hereunder shall be paid without the requirement of prior notice or demand by State, and shall not be subject to any counterclaim, setoff, deduction or defense and without abatement. The obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected.

1.09B Adjustment of Rent. On September 1, 2024, and at intervals of 3 years thereafter upon the effective date of the approval of any new Permitted Use, or upon the execution of any new CRP contract, a new rent will be established to be effective as of the Adjustment Date. The adjusted rent shall be determined by State through an evaluation of fair market rental value. Failure on the part of State to establish a new rent by the Adjustment Date shall not preclude State from doing so then or thereafter, and the adjusted rent shall be retroactive to the Adjustment Date, unless otherwise provided by State.

1.12 Taxes, Assessments, and Utilities.
Lessee shall:

a. Pay all federal, state, and local taxes, penalties and interest owing due to Lessee’s failure to pay such taxes, penalties, and interest, including, but not limited to, personal property tax and leasehold excise tax in accordance with RCW 82.29A, as it may be amended from time to time, that may be charged against the lease and improvements located on the Premises. Leasehold excise tax will be billed at the time rent is due;

b. Pay all assessments that may be charged against the Premises unless otherwise approved in writing by State due to a shared use of the Premises authorized by State pursuant to Subsection 1.04. Lessee’s responsibility to pay an assessment shall never be reduced below Lessee’s share of the use and control of the Premises.
Assessments will be billed at the time rent is due, and may include collection of payments for more than one billing cycle, or on another schedule determined by State to avoid administrative costs associated with billing. Lessee’s obligations under this subsection are not limited to assessments relating to the encumbrances, if any, listed in the legal description and set forth in Exhibit 1, but extend to all assessments that may be charged against the Premises, including, but not limited to, weed assessments, watershed protection district assessments, conservation district assessments, storm water runoff assessments, and local improvement district assessments; and

c. Be liable for all electrical power and other utility charges or expenses associated with Lessee’s use of the Premises, including, but not limited to, power minimums and disconnect charges incurred prior to termination or expiration of this lease.

1.13 Interest Penalty for Past-Due Rent and Other Sums Owed. The Lessee shall pay interest at the rate of one percent (1%) per month (or at such higher rate as may be authorized by statute after the commencement date hereof), until paid, on rent or other sums owing under the terms of this Lease, commencing the date such rent or other sum is due and payable. In the event State pays any sum or incurs any expense which Lessee is obligated to satisfy or pay under this Lease, or which is made on behalf of Lessee, State shall be entitled to receive reimbursement thereof from Lessee upon demand, together with interest thereon from the date of expenditure at the rate stated above.

Section 2 Land Management

2.01 Management. The Lessee shall manage and maintain the Premises, and all improvements related to Lessee’s use of Premises regardless of ownership thereof, in accordance with customary standards of the industry. In addition, Lessee shall:

1. Follow the “Resource Management Plan” (RMP) attached hereto as Exhibit 6A and by this reference made a part hereof. The State shall have the right to amend the RMP to meet future needs or changes in circumstances or Permitted Uses.

2. Upon request of State, and jointly with State, enter into a “Management Agreement” (MA) on terms and conditions acceptable to State, which, upon joint execution shall automatically amend and be made a part of this Lease, and a copy thereof shall be attached as Exhibit 6B. The MA shall identify specific management objectives for Lessee’s operation and the specific steps or practices which Lessee shall implement in order to meet these objectives. The Lessee shall meet the specific management objectives by the dates outlined in the MA. The State shall have the right to amend the MA to meet future needs or changes in circumstances.
3. The Lessee acknowledges that a "Coordinated Resource Management" (CRM) plan either has been or may in the future be developed between Lessee, State and other landowners in the general location of the Premises for the protection, preservation, and use of agricultural and grazing premises under multiple ownership. Lessee shall cooperate with State and other landowners to complete or develop a CRM plan. After a CRM plan has been developed, this Lease shall automatically be amended to incorporate the terms of the CRM plan by attaching the CRM plan as Exhibit 6C.

4. Perform and furnish all labor, equipment and materials including, but not limited to, seed, fertilizer, agricultural chemicals, and farm tools sufficient for the production and harvest of all crops.

5. Manage the Premises to procure the highest economically feasible return therefrom. Comply with all measures State may require to prevent the commingling of crops or confusion of the proceeds from the Premises with any other premises, whether or not operated by Lessee. For yield calculations and payments pursuant to Subsections 1.07 and 1.08, no crop from States land may be commingled with a like crop without prior written approval from State.

6. Incorporate all crop residue and stubble into the soil at a time and by a tillage method recommended by the County Extension Agent (Agent) or the NRCS Soil Conservation Technician (Technician) for the local area, so as to comply with all state and federal laws relating to water and air quality, and to avoid soil erosion. Any deviation from the technical recommendations by the Agent or Technician must be authorized in writing by State.

7. Comply with the terms and conditions of the Conservation Reserve Program Contract Nos. listed in Section 1.04 and any amendments thereto, attached as a Supporting Document referenced in Exhibit 6H.

2.02 Deleterious, Hazardous, Toxic, or Harmful Substances.

1. Deleterious Material. The Lessee shall not make or permit any filling in of the Premises or any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological or other wastes, hydrocarbons, any other pollutants, or other matter within or upon the Premises, except as approved in writing by State. If Lessee deposits and then fails to remove all nonapproved fill material, refuse, garbage, wastes or any other of the above materials from the Premises, Lessee agrees that State may, but is not obligated to, remove such materials and charge Lessee for the cost of removal and disposal.
2. **Hazardous, Toxic, or Harmful Substances.**

a. The Lessee shall not keep on or about the Premises, any substances now or hereinafter designated as or containing components now or hereinafter designated as hazardous, toxic, dangerous, or harmful, and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful by any federal, state or local law, regulation, statute or ordinance (hereinafter collectively referred to as “Hazardous Substances”) unless such are necessary to carry out Lessee's permitted use(s) under Subsection 1.04 and unless Lessee fully complies with all federal, state and local laws, regulations, statutes, and ordinances, now in existence or as subsequently enacted or amended.

b. With respect to Lessee’s use of the premises or as a result of Lessee’s personal knowledge of activities on the premises, Lessee shall:

   1. Immediately notify State of (i) all spills or releases of any Hazardous Substance affecting the Premises, (ii) all failures to comply with any federal, state, or local law, regulation or ordinance, as now enacted or as subsequently enacted or amended, (iii) all inspections of the Premises by, or any correspondence, orders, citations, or notifications from any regulatory entity concerning Hazardous Substances affecting the Premises, (iv) all regulatory orders or fines or all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party concerning the Premises;

   2. On request, provide copies to State of any and all correspondence, pleadings, and/or reports received by or required of Lessee or issued or written by Lessee or on Lessee’s behalf with respect to the use, presence, transportation or generation of Hazardous Substances related to the Premises; and

c. The Lessee shall be fully and completely liable to State, and shall indemnify, defend, and hold harmless State and its agencies, employees, officers, and agents with respect to any and all damages, costs, fees (including attorneys’ fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of Lessee’s use, disposal, transportation, generation and/or sale of Hazardous Substances or that of Lessee’s employees, agents, sublessees, contractors, subcontractors, licensees or invitees, and for any breach of this subsection.

2.03 **Plan of Development.** Any proposed changes in acreage, crops, or use of the Premises must be submitted in writing to, and approved by, State as a plan of development. The State will review the plan and, if acceptable, issue written approval. The Lessee shall perform all development according to the terms of the approved plan of development.
2.04 **Federal Farm Program.** If Lessee is enrolled in any federal farm program at any time during the lease term, Lessee shall conform to United States government federal farm program requirements as they now exist, or as they may be amended, to maintain eligibility related to program participation. Deviations from such programs are permissible only if allowed, in advance, in writing by State. Participation in any land retirement program must have prior written approval from State. Unless otherwise agreed, if Lessee is enrolled in one or more Conservation Reserve Program contract(s) that extend beyond the expiration of this Lease and Lessee is not issued a new lease for the premises at its expiration, Lessee shall take all necessary action to terminate its participation and relinquish its rights in the Conservation Reserve Program contract(s) to allow State or the new lessee or owner to become a successor to the existing contract or a participant to a new contract under the same terms and conditions as the existing contract.

The Lessee shall be reimbursed the residual value of Lessee’s actual expenses incurred to establish eligible practices required by the existing Conservation Reserve Program contract(s) subject to the following: Actual expenses will be taken from Form AD-245, or a similar form approved by the Commodity Credit Corporation, and offset by all cost-shares received from or payable by the Commodity Credit Corporation and any other source. Straight line depreciation will be used to determine the residual value of these expenses over the duration of the Conservation Reserve Program contract(s) with a salvage value of zero at the expiration of the contract(s). The residual value of these expenses will be collected at the time of public auction and the money so collected will be remitted to Lessee, less the value of any damages or waste to the property caused by Lessee.

2.05 **Operating Schedule.** The Lessee shall notify State fifteen (15) days prior to starting work on the development of the Premises as set forth in this Lease. If requested by State, Lessee shall either a) meet with a representative of State prior to starting any development of the Premises to establish an operating schedule or b) submit a written operating schedule for State’s approval prior to starting any development of the Premises.

2.06 **Limitations on Use.** In connection with Lessee’s use of the Premises, Lessee shall:

1. Conform to all applicable laws, rules and regulations of any public authority affecting the Premises, including crops grown on the Premises. The Lessee shall provide to State, within ten (10) days of receipt of same, a copy of any notice received from any public authority which indicates that Lessee is not in compliance with applicable laws, rules and regulations. In addition, Lessee shall bear, at Lessee’s sole expense, any costs associated with bringing the Premises and crops into compliance, including any attorneys’ fees, costs, fines or penalties;

2. Remove no valuable material or timber, without prior written approval of State;

3. Take all reasonable precautions to protect the Premises from fire, and make every effort to report and suppress such fires as may occur;
4. Lessee shall be solely responsible for securing and maintaining any licenses, permits or approvals necessary for Lessee’s activities on the Premises;

5. Use only electric fences approved by Underwriters Laboratories;

6. Not live, reside, or permit others to live or reside on the Premises without prior written approval from State.

2.08 Condition of Premises at End of Lease. Prior to vacating the Premises, Lessee shall leave the Premises, and all improvements described in Exhibit 3A of this Lease to which State has elected to claim title, in the state of repair and cleanliness required to be maintained by Lessee during the term of this Lease, and shall peaceably and quietly surrender the same to State.

Section 3 Improvements

3.01 Authorized Improvements. No improvement shall be placed by Lessee on the Premises without the prior written consent of State. Consent shall be granted through this Lease or a written Letter of Authorization issued by State. Unauthorized improvements placed by Lessee shall either be removed by Lessee without damage to the Premises, removed by State at Lessee’s expense, or become the property of State, at State’s option.

All improvements currently on the Premises belong to State except those authorized improvements placed by Lessee which, if any, are listed in Exhibit 3A.

Exhibit 3A may be supplemented with a Letter of Authorization issued by State, for the purpose of authorizing additional improvements to the Premises during the term of this Lease. Letters of Authorization shall be cumulative and become addenda to Exhibit 3A when determining the sum of all authorized improvements.

3.02 Cropping Improvements. Those agricultural practices performed upon the Premises less than fourteen (14) months before the expiration date of this Lease, such as summer fallow, fertilization and seeding, which are normal in the locality, will be considered as authorized “Cropping Improvements”. The State, at its option and its sole discretion, may dispose of Cropping Improvements as set forth below in Subsection 3.03, or proceed with leasing the entire tract at public auction while reserving for Lessee the right to harvest (Harvest Right) those areas on which Cropping Improvements exist. Said Harvest Right must be exercised within, and in no case later than, fourteen (14) months after expiration or termination of this Lease, and is subject to payment of rent for the area covered by the Harvest Right under the terms of this Lease as identified hereinabove in Section 3 for the area covered by the Harvest Right. Said Harvest Right shall terminate fourteen (14) months after expiration or non-default termination of the lease at which time any remaining crops shall become the property of State without compensation to Lessee.
3.03 Disposition of Authorized Improvements. Upon the expiration or earlier non-default termination of this lease, all improvements shall belong to State as provided in RCW 79.13.050 without compensation to Lessee, except for those authorized improvements set forth in Exhibit 8A and all subsequent Letters of Authorization, which are identified within those exhibits as remaining in Lessee’s ownership after expiration of the lease; provided, however, all improvements set forth on Exhibit 8A and all subsequent Letters of Authorization and all crops shall be forfeited and become the property of State upon cancellation of this lease for default.

If Lessee has been authorized by this lease to retain ownership of improvements beyond the expiration of this lease and Lessee is not issued a new lease at expiration, State, at its sole discretion, will elect one of the following options: 1) State shall purchase such improvements; 2) State shall offer the premises and all improvements for lease or sale at public auction; or, 3) Lessee shall remove such improvements within, and in no case later than, sixty (60) days after expiration of the lease, provided that any improvements remaining thereafter shall belong to State.

If the value of improvements to remain the property of Lessee is not set forth in Exhibit 8A and agreement cannot be reached between State and Lessee on the value of such improvements in order for State to exercise option 1 or 2 in the preceding paragraph, a review board of appraisers consisting of three (3) individuals will be formed to determine the fair market value of the improvement as defined in RCW 79.13.160. These individuals must have expertise in the fields of agriculture germane to the permitted use of the Premises to serve on this review board. Per RCW 79.13.160, said review board shall be made up of one (1) member appointed by State, whose expenses shall be borne by State, one (1) member appointed by Lessee, whose expenses shall be borne by Lessee, and one (1) member to be appointed by the two aforementioned members, whose expenses shall be shared equally by Lessee and State.

The majority decision of the review board shall determine the value of such improvements; and, the review board shall report its findings to State and Lessee.

The review board of appraisers shall determine the value of the improvements, by owner, and the value of the land; and, state the distinct values which, when added together, constitute the traditional fair market value of the assets.

Under option 2 above, State shall, upon determination of the value of the improvements, offer the Premises for lease or sale at public auction, with improvements. The value of such improvements shall be collected at the time of public auction and the money so collected shall be remitted to Lessee, less any damages or waste to the property or State-owned improvements committed by Lessee. Lessee shall execute a bill of sale or other instrument requested by State showing transfer of title to the improvements immediately upon State’s request following the determination of value and prior to transfer of funds due Lessee for the improvements as set forth herein.

3.03A Removal of Improvements during Lease. During the term of this Lease, authorized improvements owned by Lessee may be removed by Lessee upon the prior written approval of State.
The Lessee shall be liable for any and all rents and any and all damage to the Premises or any improvement belonging to State resulting from such removal.

3.04 Surety Bond. At State's request, Lessee shall obtain a surety bond, cash deposit, certificate of deposit, savings account assignment, performance bond issued by a company acceptable to State, or letter of credit to guarantee payment of damages and performance of all provisions or obligations of Lessee under this Lease, in an amount established by State, to assure completion of construction, development, rehabilitation, or removal of any improvements costing in excess of $2,500.

3.05 State's Repairs. The State shall not be required or obligated to make any repairs, alterations, maintenance, replacements, or repairs in, on, or about the Premises, or any part thereof, during the term of this Lease.

3.06 Lessee's Repairs, Alteration, and Maintenance. With respect to Lessee's use of the Premises, Lessee shall, at its sole cost and expense, keep and maintain the Premises and all improvements thereon and all facilities appurtenant thereto (regardless of ownership) in good order and repair and safe condition for the safe conduct of any activities or enterprises conducted on the Premises pursuant to this Lease, and keep and maintain the Premises, including all improvements in a clean, sanitary and attractive condition.

Section 4 Default and Remedies

4.01 Nonwaiver. Waiver by State of strict performance of any provision of this Lease shall not be a waiver of nor prejudice State's right to require strict performance of the same provision in the future or of any other provision. The acceptance of performance, rent, or any other sum owing, by State following a breach by Lessee of any provision of this Lease shall not constitute a waiver of any right of State with respect to such breach and State shall be deemed to have waived any right hereunder only if State shall have expressly done so in writing.

4.02 Attorneys' Fees. If either party brings suit or submits to an alternative dispute process to interpret or enforce any provision of the agreement, the substantially prevailing party shall be entitled to reasonable attorneys' fees, costs, and expenses actually incurred in connection therewith, including those incurred on appeal, in addition to all other amounts provided by law, regardless of whether the matter proceeds to judgment or is resolved by the defaulting party curing the default.

4.03 Notices and Submittals. Any notice or submittal given under this Lease shall be deemed as received when delivered by hand or five (5) days after deposit in the United States mail with first-class postage affixed, addressed as noted below. Changes of address shall immediately be given in accordance with this subsection. Any notice or submittal given under this Lease shall be sent:
To State:

Where lease provisions require submittal to State office:

Department of Natural Resources  
Product Sales and Leasing Division  
PO Box 47014  
Olympia, WA 98504-7014

Where lease provisions require submittal to State at its Region Office:

Department of Natural Resources  
Southeast Region  
713 Bowers Rd  
Ellensburg WA, 98926  
southeast.region@dnr.wa.gov

To Lessee:

At the address affixed with Lessee’s signature or Lessee’s last known address.

4.04 Liens. State may file and maintain during the term of this lease landlord or crop liens in order to secure any payment or obligation under this lease.

Lessee shall not suffer or permit any lien to be filed against State’s interest in the Premises, or improvements or crops growing thereon, by reason of work, labor, or services, performed by or through, or materials supplied to, Lessee. If any such lien is filed, Lessee shall immediately cause the lien to be discharged of record, but in no case later than thirty (30) days after the date of filing or creation of such lien unless other arrangements are approved in writing by State in advance.

4.05 Default. If Lessee breaches any requirement of this lease, whether material or not, State may terminate this lease after Lessee has been given thirty (30) days’ notice of the breach and such breach has not been corrected within that time. If Lessee has more than one breach during the term of this lease, whether of the same or different lease requirements and whether the breach is material or not, State may terminate this lease without regard to whether Lessee cured or cures the breaches within the thirty-day cure period. With or without terminating the lease, State may seek damages for any and all defaults and reenter Premises and take whatever action may be necessary or advisable to relet, protect, or preserve Premises. State may store any property it removes from Premises in a public warehouse or other suitable place or otherwise dispose of the property, at State’s discretion, at the expense and for the account of Lessee. State shall not be responsible for any damages or losses suffered by Lessee as a result of such reentry, removal, storage, or other disposition, and none of this action shall be construed as an election to terminate this lease unless a written notice of termination is given to Lessee. The remedies provided for in this lease shall not be exclusive but are in addition to all other remedies available by law.
4.06 Non-Default Termination. In response to a written request from Lessee asking to surrender the leasehold, State may, at its sole discretion, terminate all or part of this Lease upon satisfaction by Lessee of all outstanding rents, duties, and obligations. The State may condition the surrender upon payment of a fee to be set by State and Lessee’s acknowledgement of the continuation of any obligations that survive termination of this Lease pursuant to Section 4.07.

This Lease, or any portion thereof, is also subject to termination on one hundred eighty (180) days’ written notice if State includes the Premises in a plan for higher and better use, land exchange, or sale. State will provide written documentation along with the notice, demonstrating that the department has included the leased land in a plan for higher use, land exchange or sale. The Lessee will be allowed to use the Premises for the remainder of the current grazing season for grazing purposes and/or for the remainder of the farming season to harvest any permitted crop, subject to the permitted use(s) set forth in Subsection 1.04.

4.07 Survival. All obligations of Lessee to be performed prior to the expiration or earlier termination shall not cease upon the termination or expiration of this Lease, and shall continue as obligations until fully performed. All clauses of this Lease which require performance beyond the termination or expiration date, including but not limited to Section 2.02 and 5.10, shall survive the termination or expiration date of this Lease. However, upon expiration or earlier termination of this Lease, the rights of Lessee and of all persons, firms, corporations, and entities claiming under Lessee in and to the Premises and all improvements thereon, unless specified otherwise in this Lease, shall cease.

4.08 State’s Right to Cure Defaults. If Lessee fails to perform and is in default of any undertaking or promise contained herein, including those set forth in any plan of development, State shall have the option, but is not obligated, to make such performance after giving ten (10) days written notice to Lessee. The State’s costs and expense to correct Lessee’s failure to perform shall be reimbursed by Lessee and shall be immediately due and payable, together with interest at the rate of one percent (1%) per month (or at such higher rate as may be authorized by statute after the commencement date hereof), until paid, accruing from the date such cost or expense is incurred.

4.09 Remedies Cumulative. The specified remedies to which State may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which State may lawfully be entitled in case of any breach or threatened breach by Lessee of any provision of this Lease.

4.10 Force Majeure. The Lessee’s failure to comply with or delayed compliance with any of the obligations under this Lease shall be excused only if due to causes entirely beyond Lessee’s control and without the fault or negligence of Lessee, including; riots, insurrections, martial law, civil commotion, war, fire, flood, earthquake, or other casualty or acts of God. The performance of Lessee’s obligations under the Lease shall be excused only for the period of delay and the time period for performance shall be extended by the same number of days in the period of delay.
Section 5 General Provisions

5.01 Compliance. The State shall have access to the Premises at all reasonable times to determine and secure compliance with this Lease. Failure to inspect or enforce compliance shall not be construed as a waiver of State’s right to declare a breach, nor relieve Lessee of any liability to State for any breach of the terms, conditions, or requirements of this Lease.

5.02 Access. The State reserves the right to grant easements on the Premises.

5.03 Uses. The State reserves the right to lease the Premises for other uses which are compatible with Lessee’s permitted use(s) set forth in Section 1.04, provided State notifies subsequent lessees of the existence of this Lease prior to entering any subsequent lease and any future lease requires all future lessees to avoid any substantial interference with Lessee’s use of the Premises. State further reserves the right to sell, lease, or otherwise dispose of minerals, coal, oil, gas, gravel, stone, forestry resources or other valuable materials in a manner consistent with Lessee’s right to use the Premises for its permitted use(s) set forth in Subsection 1.04. Lessee’s obligations under this Lease shall not increase as a result of any subsequent lease except that Lessee shall be required to notify State of any interference with Lessee’s permitted use(s). Lessee’s Plan of Development and placement of improvements must be such that State’s adjacent ownership, if any, will not be impaired.

5.04 Public Hunting, Fishing and Nonconsumptive Wildlife Activities. The Premises shall be open and available to the public for purposes of hunting, fishing, nonconsumptive wildlife, and other activities, unless a closure is authorized in writing by State, as stated in RCW 79.10.125. In the event that a closure is authorized by State for hunting, fishing or nonconsumptive wildlife activities, Lessee shall post the Premises accordingly with signs to inform the general public of such closure. Authority to close the Premises may be given to protect interests of Lessee, State, or the general public.

5.05 Right to Inspect. State has the right to inspect the Premises at all times, including improvements constructed thereon. In addition, Lessee shall allow State’s employees access to buildings and facilities during regular business hours of Lessee’s operations, or at other times as may be requested by State. State’s inspection shall not waive any requirement of this Lease nor shall any representation made by any State employee during the course of an inspection amend or in any way modify this Lease or Lessee’s obligations under this Lease.

5.06 Roads. During the term of this Lease, Lessee is granted, subject to rights previously granted, a nonexclusive easement to use existing roads on the Premises only for permitted operations under this Lease. The State reserves the right to build roads and grant easements to others to use new and existing roads. The Lessee may not construct new roads or undertake any modification or alteration to existing roads without the prior written consent of State.

5.09 Insolvency of Lessee. If Lessee becomes insolvent, bankrupt, or has a receiver appointed, State may terminate this Lease. Insolvency as used herein will mean the inability of Lessee to meet obligations as they come due.
5.10 Insurance/Indemnity/Hold Harmless. To the fullest extent permitted by law, Lessee shall indemnify, defend and hold harmless State, agencies of State and all officials, agents and employees of State, from and against any and all claims, including claims by Lessee’s employees, agents, and contractors, arising out of or resulting from any act or omission of Lessee, its agents, employees and contractors while operating under this Lease or at the Premises. "Claims" as used in this subsection means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney’s fees, attributable to bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom. The Lessee’s obligation to indemnify, defend and hold harmless State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials. The Lessee waives its immunity under Title 51 to the extent it is required to indemnify, defend and hold harmless State and its agencies, officials, agents or employees.

General Insurance Requirements. The Lessee shall, at all times during the term of the lease at its cost and expense, buy and maintain insurance of the types and amounts listed below. Failure to buy and maintain the required insurance is a default of this Lease.

All insurance and surety bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best’s Reports. Any exception shall be reviewed and approved by State’s Risk Manager, before the lease is executed. If an insurer is not so admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC.

Before starting work under this Lease, Lessee shall, at State’s request, furnish State at its Region Office with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements and lease.

The State shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accordance with the following specifications:

1. Insurers subject to 48.18 RCW (Admitted and Regulated by the Insurance Commissioner): The insurer shall give State forty-five (45) days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, State shall be given ten (10) days advance notice of cancellation.

2. Insurers subject to 48.15 RCW (Surplus lines): The State shall be given twenty (20) days advance notice of cancellation. If cancellation is due to non-payment of premium, State shall be given ten (10) days advance notice of cancellation.

Sublessee(s) must comply fully with all insurance requirements stated herein. The Lessee shall include all sublessee(s) as insureds under all required insurance policies, or shall furnish separate certificates of insurance and endorsements for each sublessee. Failure of sublessee(s) to comply with insurance requirements does not limit Lessee’s liability or responsibility.
The State, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies.

All insurance provided in compliance with this Lease shall be primary as to any other insurance or self-insurance programs afforded to or maintained by State.

The Lessee waives all rights against State for recovery of damages to the extent these damages are covered by general liability or umbrella insurance maintained pursuant to this Lease.

If Lessee is self-insured, evidence of its status as a self-insured entity shall be provided to State and upon receipt by State shall be automatically incorporated into this Lease. If requested by State, Lessee must describe its financial condition and the self-insured funding mechanism.

By requiring insurance herein, State does not represent that coverage and limits will be adequate to protect Lessee, and such coverage and limits shall not limit Lessee’s liability under the indemnities and reimbursements granted to State in this Lease.

The limits of insurance, which may be increased by State, as deemed necessary, shall not be less than as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Commercial General Liability (CGL) Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Aggregate Limit</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Each Occurrence Limit</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

The Lessee shall maintain commercial general liability (CGL) insurance and, if necessary, commercial umbrella insurance with a limit of not less than the amounts listed above per each occurrence. If such CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit.

CGL insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability arising out of the Premises, operations, independent contractors, sublessees, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another party assumed in a business contract), and contain separation of insureds (cross liability) condition.

**Employer’s Liability Insurance and Worker’s Compensation Insurance.** Lessee shall buy employers liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than $1,000,000 each accident for bodily injury by accident or $1,000,000 each employee for bodily injury by disease.

The Lessee shall comply with all State of Washington workers compensation statutes and regulations. Workers compensation coverage shall be provided for all employees of Lessee and employees of any sublessees.
Coverage shall include bodily injury (including death) by accident or disease, which arises out of or in connection with the performance of this Lease. Except as prohibited by law, Lessee waives all rights of subrogation against State for recovery of damages to the extent they are covered by workers compensation, employers liability, commercial general liability or commercial umbrella liability insurance.

If Lessee or sublessee fails to comply with all State of Washington workers compensation statutes and regulations and State incurs fines or is required by law to provide benefits to or obtain coverage for such employees, Lessee shall indemnify State. Indemnity shall include all fines, payment of benefits to Lessee, sublessees, employees, or their heirs or legal representatives, and the cost of effecting coverage on behalf of such.

**Business Auto Policy.** The Lessee shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than $1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto".

Business auto coverage shall be written on ISO form CA 00 01, or substitute liability form providing equivalent coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage and cover a "covered pollution cost or expense" as provided in the 1990 or later editions of CA 00 01.

The Lessee waives all rights against State for the recovery of damages to the extent they are covered by business auto liability or commercial umbrella liability insurance.

In the event of any loss, damage or casualty which is covered by one or more of the types of insurance described herein, the parties to this Lease shall proceed cooperatively to settle the loss and collect the proceeds of such insurance, which shall be held in trust by State, including interest earned by State on such proceeds, for use according to the terms of this Lease.

The parties agree that such insurance proceeds shall be used to repair and restore damaged improvements to their former condition and usefulness or replacement of the same with equivalent or more suitable improvements.

When sufficient funds are available, using insurance proceeds described above, the parties shall continue with reasonable diligence to prepare plans and specifications for, and thereafter carry out, all necessary work to:

1. Repair and restore damaged building(s) and/or improvements to their former condition, or

2. Replace said building(s) and/or improvements with a new building(s) and/or improvements on the Premises of a quality and usefulness at least equivalent to, or more suitable than, damaged building(s) and/or improvements.
5.11 **Records.** Lessee shall prepare, maintain, and keep records in accordance with applicable law and prudent business practices. A clear, complete, detailed record and accounting of business of every kind and character affecting payment due State and crop production, shall be maintained at a location in Washington, for a period of at least seven (7) years following: (1) each harvest; (2) payment of rent; or, (3) the date accounting is provided to State, whichever is later. Further, Lessee shall prepare, maintain, and keep records of management practices conducted on the Premises, including, but not limited to, the use of pesticides, for the term of this Lease or as required by law.

5.12 **Right to Examine Books and Records.** The acceptance by State of any payment under Section 3 herein shall be without prejudice to State's right to examine Lessee's books and records to verify the amount of crops and/or proceeds received by Lessee from the Premises. Lessee shall authorize and permit State or its agents to examine any and all books, records and files of all kinds for the use of State for the purpose of determining and enforcing compliance with the provisions of this Lease.

5.13 **Audit.** At its option, State or its agents may conduct, at any reasonable time upon forty-eight (48) hours' notice, an audit of Lessee's business records. If an audit discloses additional liability to State, Lessee shall immediately pay all amounts due plus interest from the date such payment was originally due and payable, but in no case later than thirty (30) days after notice of the additional liability.

5.14 **Harvest Reports.** Lessee shall, as soon as possible, furnish harvest reports to State at the Division Office in Olympia, but no later than thirty (30) days after final date of harvest of all crops. Harvest reports shall include the planted acreage and variety of crops harvested, quantity, the grades if known, the field number, circle number, block number, or location of each crop grown and the place of storage, processing or other disposition of the crops.

5.15 **Conservation Plan.** Fifteen (15) days prior to disturbing any vegetation or soil to cultivate any previously uncultivated land on the Premises, Lessee shall furnish State with a copy of a conservation plan approved by the Natural Resource Conservation Service (NRCS). The plan shall be partial fulfillment of the requirements set forth in Subsection 2.01(1).

5.16 **Habitat Conservation Plan.** The Premises are located within an area that is subject to State Habitat Conservation Plan and amendments thereto adopted in connection with Incidental Take Permit No. TE812521-1 (ITP) as supplemented by Permit No. 1168, and the Implementation Agreement for the HCP dated January 30, 1997, and any amendments to said permits and agreement (Collectively "ITP"), which are incorporated herein by this reference and which are publicly available at the addresses for notices in Subsection 4.03. As long as the HCP remains in effect, Lessee and all persons acting under Lessee shall comply with the ITP and notify State if new locations of permit species are identified or upon locating dead, injured or sick individual species, as more specifically set forth in Exhibit 5A, while operating on Premises, and shall otherwise comply with all of the requirements set forth in Exhibit 5A.
State shall have the right to modify these terms and conditions and the requirements set forth in Exhibit 5A from time to time to comply with the HCP, the Endangered Species Act, the implementing regulations, and amendments thereto, or the requirements of the federal agencies administering these laws. In connection with the Permitted Uses and any improvements, Lessee shall provide any documentation, analysis, or other information that may be required by the United States Department of the Interior, Fish and Wildlife Service, that is deemed necessary to maintain compliance with the ITP. In the event State is required to provide any information about the Permitted Uses in order to comply with the ITP, Lessee shall cooperate and promptly provide all information required in the time requested by State.

5.17 Sublease and Assignment. Lessee shall not sublease the Premises in whole or in part without prior written approval of State. Lessee shall obtain sublessee’s agreement to be bound by the terms and conditions of this Lease and any amended terms. Lessee shall remain fully liable for its obligations under this Lease, including but not limited to payment of rent and other sums due in accordance with the terms of this Lease.

State may assign this Lease at State’s option. Lessee shall not assign, hypothecate, mortgage, encumber, transfer, or otherwise alienate this Lease or any interest therein, or engage in any other transaction which has the effect of transferring or affecting the rights of enjoyment of the Premises without prior written approval of State. Each permitted assignee or transferee of Lessee shall assume all obligations under this Lease occurring after the date of assignment, including any amended terms. Lessee shall remain liable for any obligations occurring prior to the date of assignment. Lessee shall be jointly and several liable with the assignee or transferee for all obligations under this Lease occurring after the date of assignment with respect to those obligations that exist as of the date of assignment unless released in writing by State. State at its option may release Lessee from all but those terms and conditions of this Lease that survive termination of this Lease. Unless released in writing, Assignor’s obligations shall continue in full force and effect until the Termination Date. State may require reimbursement for any additional administrative costs resulting from the assignment.

State’s approval of a sublease or an assignment shall not constitute a waiver of State’s right to approve or disapprove subsequent subleases or assignments. State’s acceptance of payment or performance shall not constitute consent to any sublease or assignment and State’s approval shall be evidenced only by writing.

5.18 Name Change. If during the term of this Agreement Lessee changes its name, Lessee shall provide State with documentation legally supporting the name change within sixty (60) days of the effective date of the change. Lessee may contact State’s Southeast Region office in Ellensburg (identified in Subsection 4.03) for a list of acceptable documentation.

5.19 No Partnership. The State is not a partner nor a joint venturer with Lessee in connection with the activities conducted and business carried on under this Lease, and State shall have no obligation with respect to Lessee’s debts or other liabilities.
5.20 Lessee's Authority. Persons executing this Lease on behalf of Lessee represent that they are authorized to do so and represent and warrant that this Lease is a legal, valid, and binding obligation on behalf of Lessee, and is enforceable in accordance with its terms.

5.21 State's Authority. This Lease is entered into by State pursuant to the authority granted by statute and the Constitution of State of Washington. The terms and conditions hereof are subject to such statutory and constitutional provisions as may be now in effect and such provisions which do not impair the contractual rights of Lessee under this Lease which may lawfully be enacted subsequent to the date of this Lease.

5.22 Preservation of Markers. Any legal land subdivision survey corners, reference points or monuments are to be preserved. If such are destroyed or disturbed, they shall be re-established by a licensed land surveyor in accordance with U.S. General Land Office standards at Lessee’s expense. Corners and/or reference points or monuments that must necessarily be disturbed or destroyed in the process of carrying out the operations allowed by this Lease must be adequately referenced and/or replaced in accordance with Chapter 58.09 RCW.

Such references and replacements must be approved in writing by State prior to removal of said corners, reference points or monuments.

5.23 Condemnation. In the event that State is unable to successfully contest the authority of any entity seeking to condemn the Premises and if the entirety of the Premises are taken by proper exercise of the power of eminent domain, this Lease shall terminate as of the date possession was taken by said public authority pursuant to such condemnation. If any part of the Premises is so taken and, in the opinion of either State or Lessee, it is not economically feasible to continue this Lease, either party may terminate the lease. Such termination by either party shall be made by notice to the other party given not later than thirty (30) days after possession is so taken, the termination to be effective as of the later of thirty (30) days after said notice or the date possession is so taken. If part of the Premises is so taken and neither State nor Lessee elects to terminate this Lease, or until termination is effective, as the case may be, the payment due under this Lease shall be abated in the same proportion as the portion of the Premises so taken bears to the whole of the Premises. All damages awarded for the taking or damaging of all or any part of the Premises, or State-owned improvements thereon, shall belong to and become the property of State, and Lessee hereby disclaims and assigns to State any and all claims to such award, provided, however, that State will not claim any interest in any award for personal property or authorized improvements belonging to Lessee as set forth in Section 8 and State will not claim a share of any award made to Lessee for interruption of or damage to Lessee’s business or for moving expenses. The State may share in the value of crops in accordance with the crop division and/or additional payment set forth in Section 3.

5.24 Interpretation and Numbering. This Lease has been submitted to the scrutiny of all parties hereto and each party has been given the opportunity to consult with legal counsel. This Lease shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight given to it being drafted by any party hereto or their counsel.
Section and subsection numbers, headings, or titles are for convenience only and are not to be construed to limit or to extend the meaning of any part of this Lease.

Section and subsection numbers may be omitted or out of sequence because of inclusion or exclusion of sections or subsections in this Lease at the option of State. Cross references to sections or subsections that are not included in this Lease should not be construed as material references.

5.25 **Time of Essence.** Time is expressly declared to be of the essence of this Lease and each and every covenant of Lessee hereunder. In the event time for performance falls on a weekend or legal holiday designated by the United States or Washington State, performance shall be deemed to be timely rendered if so rendered on the next business day.

5.26 **Lease Changes and Additions.** Any changes or additions to this Lease or the attached exhibits shall be made in writing, executed by the parties hereto, and neither State nor Lessee shall be bound by verbal or implied agreements.

5.27 **Entire Agreement.** This written lease or its successor or replacement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid.

5.28 **Invalidity.** If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent prove to be invalid, unenforceable, void, or illegal, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each remaining term and provision of this Lease shall be valid and be enforced as written to the fullest extent permitted by law.

5.29 **Discrimination.** The Lessee shall not conduct or suffer any business upon the Premises which unlawfully discriminates against any person on the basis of race, color, creed, religion, sex, age, or physical or mental handicap.

5.30 **Access to Livestock During Wildfire.** State shall make every reasonable effort to accommodate Lessee’s request to retrieve or care for livestock legally on the Premises that are at risk due to wildfire. State may prohibit Lessee and Lessee’s employees or agents from retrieving or caring for livestock legally on the Premises during any fire suppression response if reasonably necessary to prevent interference with a direct, active fire response. Lessee assumes full liability for any damages incurred to Lessee and Lessee’s employees and agents in Lessee’s charge related to Lessee’s and Lessee’s employees’ and agents’ efforts to retrieve or care for livestock during the time of a fire suppression response by the State affecting the Premises.
The State of Washington, the Department of Natural Resources, and other political subdivisions of the state shall not be liable for any direct or indirect adverse impacts, including injury or death, resulting from State’s reasonable efforts to accommodate Lessee’s or Lessee’s employees’ or agents’ retrieval or care for animals or Lessee’s or Lessee’s employees or agents accessing the Premises to retrieve or care for livestock during the time of a fire suppression response by State affecting the Premises. State does not guarantee access if restricted by other agencies or jurisdictions involved with fire suppression response.

5.31 Proprietary Information/Public Disclosure. Materials or information submitted as required in this Agreement shall become public records within the meaning of RCW Chapter 42.56.

Any submitted materials or information that Lessee claims as exempt from disclosure under the provisions of RCW 42.56.210 must be clearly designated. The page must be identified and the particular exemption from disclosure upon which Lessee is making the claim must be identified by the RCW citation number.

The State will consider a Lessee’s request for exemption from disclosure; however, State will make an independent decision on the applicability of any claimed exemption consistent with applicable laws. The portion of a document claimed as exempt must qualify for exempt status as identified in RCW 42.56.

CONTINUES ON NEXT PAGE
Marking the entire submitted materials or information exempt from disclosure cannot be honored. If a public records request is made regarding materials that Lessee has requested as exempt, the affected Lessee will be given notice of the request and allowed ten business days, or the time allowable by law, whichever is less, to seek a court injunction against the requested disclosure prior to State fulfilling the public records request.

5.32 Exhibits. Exhibits referenced herein, including those which may be added during the term of this Lease, are incorporated herein by reference and are to be considered terms of this Lease.

KAYSER LAND & CATTLE INC.

Dated: \underline{9-20}, 2021.

\underline{Neil Kayser}
NEIL KAYSER, Managing Member

Address: 366 BASSE RD
CENTERVILLE, WA 98613

Phone: \underline{(541) 980-8230}

UBI No: \underline{603 358 803}

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES


\underline{Kathryn Mink}
Southeast Region, Assistant Region Manager

Approved as to form this September 23, 2010 by Pamela Krueger, Assistant Attorney General

Dryland Lease

Page 22 of 35

Lease No. C1200B73352.
NOTARIAL CERTIFICATE
ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

STATE OF Washington

COUNTY OF Klickitat

I certify that I know or have satisfactory evidence that NEIL KAYSER is the person who appeared before me, and said person acknowledged that they signed this instrument, and on oath stated that they were authorized to execute this instrument, and acknowledged that they were the MANAGING MEMBER of KAYSER LAND & CATTLE INC. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: 9-20-2021

(Seal or Stamp)

Jill Kayser
NOTARY PUBLIC in and for the State of Washington

My appointment expires 10-15-2021
NOTARIAL CERTIFICATE
ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

STATE OF WASHINGTON

COUNTY OF ____________

On this _____________ day of ____________, 2021, personally appeared before me
KATHRYN MINK, to me known to be the Southeast Region, Assistant Region Manager of the
Department of Natural Resources, State of Washington, who executed the within and foregoing
instrument on behalf of the State of Washington, and acknowledged said instrument to be the
free and voluntary act and deed of the State of Washington for the uses and purposes therein
mentioned, and on oath stated that they were authorized to execute said instrument and that the
seal affixed is the official seal of the Commissioner of Public Lands for the State of Washington.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first
above written: ____________________________

(Seal of State of Washington)

(Seal of State of Washington)

NOTARY PUBLIC in and for the State of Washington
My appointment expires __________/________/________

[Signature]

[Stamp]
EXHIBIT 1A
Legal Description and Encumbrances

Subject to easement for rights of way for county roads heretofore granted under
Application Nos. 50-CR0697 and 50-CR1763, for an indefinite term.

Subject to easement for rights of way for state road heretofore granted under Application
No. 50-SR1143, for indefinite term.

Subject to easement for rights of way for road heretofore granted under Application Nos.
50-018529 and 50-036463, for indefinite term.

Subject to easement for right of way for overhead power lines heretofore granted under
Application Nos. 50-010211 and 50-044474, for an indefinite term.

Subject to easement for right of way for irrigation ditch heretofore granted under
Application No. 50-005521, for an indefinite term.

Subject to easement for right of way for ditch heretofore granted under Application No.
50-012602, for an indefinite term.

Subject to the rights of the holder of Department of Natural Resources Water Rights File
No. 78-W00002 filed on January 1, 1908.

Subject to the rights of the holder of Department of Natural Resources Water Rights File
Nos. 78-W00003 and 78-W00004, both filed on January 1, 1897.

Subject to assessments imposed by Klickitat County Noxious Weed Board or any entity
properly authorized to assess property.
EXHIBIT 3A
Authorized Improvements

State-owned improvements include:

<table>
<thead>
<tr>
<th>Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fence: Full Interest 1/4 Mile</td>
<td>North Line NE1/4 NE1/4</td>
</tr>
<tr>
<td>Fence: Full Interest 3/10 Mile</td>
<td>West Line NE 1/4 and North Line SE1/4 NE1/4 NW1/4</td>
</tr>
<tr>
<td>Spring Development: Full Interest, includes Pipes, Fencing &amp; Trough</td>
<td>SE1/4 NE1/4</td>
</tr>
</tbody>
</table>

Lessee owned improvements authorized by State present as of the date of execution of this lease and/or to be placed on Premises per the Plan of Development and Operation:

<table>
<thead>
<tr>
<th>Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fence: Full Interest 1 1/4 Mile</td>
<td>South &amp; East Lines of SW 1/4, Lying Along the West Side of HWY 142 within the S1/2 of NW1/4</td>
</tr>
<tr>
<td>Fence: Undivided 1/2 Interest 1/2 Mile</td>
<td>East Line NE1/4</td>
</tr>
<tr>
<td>Fence: Undivided 1/2 Interest 1/4 Mile</td>
<td>West Line S1/2 SW1/4</td>
</tr>
<tr>
<td>Fence: Full Interest 3/4 Mile</td>
<td>North of and Parallel to HWY 142 Located within the South Line of NE1/4 and within the S1/2 NW1/4</td>
</tr>
</tbody>
</table>
EXHIBIT 5A
Habitat Conservation Plan

1. The Lessee shall immediately notify the State of new locations of Permit species covered in the Incidental Take permit (ITP) that are discovered within the leased Premises covered by the Habitat Conservation Plan (HCP), including, but not limited to: locations of occupied murrelet habitat; spotted owl nest sites; wolves; grizzly bears; nests, communal roosts, or feeding concentrations of bald eagles; peregrine falcon nests; Columbian white-tailed deer; Aleutian Canada geese; and Oregon silverspot butterflies. In all circumstances notification must occur within a 24-hour time period.

2. Upon locating any live, dead, injured, or sick specimens of any listed species covered by the ITP within the leased Premises the Lessee shall immediately notify the State. In all circumstances notification must occur within a 24-hour time period. Lessee may be required to take certain actions to help the State safeguard the well being of any live, injured or sick specimens of any listed species discovered, until the proper disposition of such specimens can be determined by the State.

3. Lessee shall refer to ITP number PRT-812521 (a copy of the ITP is located for reference in the region office) in all correspondence and reports concerning Permit activities.

4. All applicable provisions of the ITP and this schedule must be presented and clearly explained by Lessee to all authorized officers, employees, contractors, or agents of Lessee conducting authorized activities on the Property. Any questions Lessee may have about the ITP should be directed to the State.
EXHIBIT 6

Contents:

Exhibit 6A for: Resource Management Plan;
Exhibit 6D for: Cultural Resources Management;
Exhibit 6G for: Map of Premises;
EXHIBIT 6A
RESOURCE MANAGEMENT PLAN

The resource management section describes the management objectives and practices agreed upon by State and Lessee to manage agricultural and grazing production on Washington's trust lands. If the management requirements cannot be followed due to any climatic variations, unforeseen events, or other land management activities that lead to changes from agreed upon resource management, Lessee must obtain authorization from State regarding any proposed changes prior to implementation.

**Composite Erosion Rate:** The Lessee shall maintain or improve the soil profile by applying farming practices that reduce sheet, rill and wind erosion. The composite erosion rate for the crop rotation shall not exceed the soil loss tolerance “T”: the amount of topsoil that can be replaced naturally in a year on the soil mapping unit found on the leased premises.

**Soil Additions and Pesticides:** Organic and inorganic substances shall be applied to meet plant requirements. Application methods utilized shall aid in the prevention of substances moving into water bodies, leaching into ground water, or building excessive residual levels in the soil profile. This will be accomplished through following all federal, state and local laws, and as prescribed by label.

The Lessee shall have and follow an Integrated Pest Management (IPM) plan. This means utilizing a coordinated decision-making and action process that considers all pest management methods and strategies, and applies them in an environmentally and economically sound manner to meet pest management objectives. The elements of integrated pest management include:

1. Preventing pest problems;

2. Monitoring for the presence of pests and pest damage;

3. Establishing the density of the pest population (which may be zero) that can be tolerated;

4. Treating pest problems to reduce their populations below the tolerable threshold, using strategies that may include biological, cultural, mechanical, and chemical control methods, and that consider human health, ecological impact, feasibility and cost-effectiveness; and

5. Evaluating the effects and efficacy of pest treatments.

**Weed Control:** Lessee shall control all noxious weeds on all lands under this lease consistent with applicable laws. Lessee shall be responsible for, and shall reimburse State for, any noxious weed control costs incurred as a result of Lessee’s failure to control.

The Lessee shall use Integrated Pest Management (IPM) to control weeds.
This means using a coordinated decision-making and action process that considers all weed management methods and strategies, and applies them in an environmentally and economically sound manner to meet weed management objectives. The elements of integrated pest management for weeds include:

1. Preventing weed problems;

2. Monitoring for the presence of weed species;

   Establishing the density of the weed population (which may be zero) that can be tolerated;

3. Treating weed problems to reduce their populations below the tolerable threshold, using strategies that may include biological, cultural, mechanical, and chemical control methods, and that consider human health, ecological impact, feasibility and cost-effectiveness; and

4. Evaluating the effects and efficacy of weed control treatments.

Grazing Schedule Table:

<table>
<thead>
<tr>
<th>Pasture Name</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pasture 1</td>
<td>233.83</td>
</tr>
</tbody>
</table>

**Pasture Name:** Pasture 1  
**Management Type(s):** Annual, Native Bunchgrass

<table>
<thead>
<tr>
<th>Year</th>
<th>Grazing Period</th>
<th>On Date</th>
<th>Off Date</th>
<th>Max Units</th>
<th>Forage Use Not to Exceed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Late</td>
<td>11/15</td>
<td>12/15</td>
<td>30 AUM</td>
<td>60%</td>
</tr>
<tr>
<td>2022-2030</td>
<td>Critical</td>
<td>5/15</td>
<td>6/1</td>
<td>30 AUM</td>
<td>50%</td>
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<tr>
<td></td>
<td>Late</td>
<td>11/15</td>
<td>12/15</td>
<td></td>
<td>60%</td>
</tr>
<tr>
<td>2031</td>
<td>Critical</td>
<td>5/15</td>
<td>6/1</td>
<td>30 AUM</td>
<td>50%</td>
</tr>
</tbody>
</table>

State may amend this table to meet future needs or changes in circumstances including but not limited to fire, flood, drought, or non-compliance by Lessee with Grazing Management requirements.

Annual on and off dates may vary up to two weeks earlier or later than those designated in the Grazing Schedule Table (GST) without approval from State. Variations greater than two weeks before or after the above on and off dates require prior written approval from the State. Total grazing days may not exceed the Grazing Period permitted under the GST.
Mass Soil Movement and Gully Erosion: Lessee shall apply farming practices that limit the potential for mass soil movement and gully erosion.

GENERAL CLAUSES
Fertilizer Management: The Lessee shall use soil and petiole sampling and testing, to determine amounts and timing of nutrient applications required to meet the needs of the plants to be grown. Methods of application shall be used that will ensure optimum uptake by the plants, while insuring that nutrients will not be transported into any water bodies.

Forage Use: Forage use as described in the GST is that portion of current growth available for grazing. It is measured in key areas at the end of a grazing period and shall represent the average use of the entire unit. It shall be measured in key areas by a State representative using agency protocols.

Livestock Feeding: Lessee shall not feed livestock unless authorized in writing by the State.

Move Livestock to Available Forage: Lessee shall move livestock throughout the grazing season onto areas of available forage to prevent animal concentration and heavy grazing along the stream channel or near other water sources.

Pesticide Management: The Lessee shall utilize Integrated Pest Management (IPM) in conjunction with standard industry methods for controlling pests. Methods of application shall be utilized that will ensure optimum protection of the plants, while insuring that pesticides will not be transported off site or have non-target impacts.

Record Keeping - Farming Operations: The Lessee shall maintain a record of all farming operations, including the dates of each tillage, fertilizer, pesticide, and seeding operation for each State field. The information will cover all farming operations that followed harvest of the previous crop and will be submitted to the State upon request.

Record Keeping. Lessee shall compile and maintain records of the number and class of livestock and on and off dates for each State pasture annually, as shown on State's Form 100, Exhibit 2B. Lessee shall provide these records to the state within thirty (30) days of request.

Riparian Grazing Management: Where livestock grazing is permitted within the riparian area, Lessee’s grazing management of the riparian area must meet the following requirements to maintain soil and stream bank stability, shade, filtration, hydrological function, and wildlife cover.
<table>
<thead>
<tr>
<th>Riparian Pasture Name</th>
<th>Minimum stubble height on sod forming or Non-Jointed grasses</th>
<th>Bunchgrass/jointed grass species forage use not to exceed</th>
<th>Shrub/woody species forage use not to exceed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pasture 1</td>
<td>3 inches</td>
<td>50%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Salting - Uplands:** Lessee shall place salt or mineral supplements a minimum of 500 feet away from all water sources, riparian areas, and fencing. When available salt or mineral supplements shall be placed on very shallow sites or rock outcrops.

**Salting - Riparian:** The Lessee shall place salt or mineral supplements a minimum of 500 feet away from streams or other water sources to help prevent livestock from remaining near streams and riparian areas for long periods each day. This can also be used as a tool for drawing livestock to areas of available forage away from the water source or stream channel. It is preferable to place salt or mineral supplements on very shallow sites or rock outcrops to minimize the impact caused by livestock concentration.
EXHIBIT 6D
CULTURAL RESOURCES MANAGEMENT

If ground disturbing activities associated with development of the lease parcel expose cultural resources, all work will cease in that location and Lessee shall notify State. If ground disturbing activities associated with development of the lease parcel expose cultural resources, all work will cease in that location and Lessee shall notify State.
**EXHIBIT 6E**

Record Keeping Form 100

EXAMPLE ONLY

An Animal Unit (AU) as described in the Goods & Service Tax (GST) is one mature cow of approximately 1,000 pounds, either dry or with a calf up to six (6) months of age, or their equivalent. For purposes of unit equivalent per animal, the following ratios apply:

<table>
<thead>
<tr>
<th>Animal</th>
<th>Unit</th>
<th>Animal</th>
<th>Unit</th>
<th>Animal</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bull</td>
<td>1.00</td>
<td>Cow and Calf</td>
<td>1.00</td>
<td>Fall Calf</td>
<td>0.50</td>
</tr>
<tr>
<td>Cow</td>
<td>1.00</td>
<td>Yearling Cow</td>
<td>0.66</td>
<td>Horse</td>
<td>1.50</td>
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<tr>
<td>Two Year Old Cow</td>
<td>1.00</td>
<td>Ewe or Ram</td>
<td>0.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lease #</th>
<th>Pasture Name</th>
<th>Livestock Number</th>
<th>Livestock Class</th>
<th>Date In</th>
<th>Date Out</th>
<th>AUMs</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Comments:

I, THE UNDERSIGNED, CERTIFY TO THE BEST OF MY KNOWLEDGE THAT THE INFORMATION CONTAINED HEREIN IS COMPLETE AND ACCURATE.

Date: ______________ Signature: __________________________ Phone: ____________
EXHIBIT 6G
Map of Premises
Cunliff (Davidson) Home Site
Mineral Review ("desk-top" review)
Ana Shafer, LEG  February 5, 2020
**FOR INTERNAL USE ONLY

Legend

- Davidson_Homesite_Parcel
- Active Surface Mine Permit Sites

1:100,000-scale geologic mapping
by Phillips & Walsh (1987)
QPLvb(s) - basalt flows
Cunliff Road Home Site (Davidson)  
(revised 11/5/2019)

Description – Property #1

Section 16  Township 4 N Range 15 E W.M.

County: Klickitat  GIS Parcel Number: 3195

Portions of:

- W¼SW¼NW¼ and W½NW¼SW¼ as described in survey recorded under AF #1113987 Klickitat County, Washington

Acquired by: U.S. Patent  Number: 46-70-0084  From: U.S. Bureau of Land Management  Date: 2/22/1889

Encumbrances

<table>
<thead>
<tr>
<th>Class</th>
<th>Number</th>
<th>Event</th>
<th>Expire Dt</th>
<th>Grantee</th>
<th>Date Gtd</th>
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</thead>
<tbody>
<tr>
<td>LSE</td>
<td>12-A73352</td>
<td>AGRI</td>
<td>8/31/2021</td>
<td>Neil &amp; Jill Kayser</td>
<td>6/1/2012</td>
</tr>
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<td>ESE</td>
<td>50-CR0697</td>
<td>CROAD</td>
<td>Indef.</td>
<td>Klickitat County</td>
<td>1/15/1920</td>
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<td>LSE</td>
<td>60-B73351</td>
<td>SPECUSE</td>
<td>8/31/2020</td>
<td>Daniel &amp; Molly Davidson</td>
<td>9/1/2009</td>
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<tr>
<td>W/R</td>
<td>78-000002</td>
<td>WELL</td>
<td>Indef.</td>
<td>DNR</td>
<td>6/5/1973</td>
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</table>

Region Encumbrances

No region encumbrances of record.

Pending Applications

<table>
<thead>
<tr>
<th>Class</th>
<th>Number</th>
<th>Event</th>
<th>Applicant</th>
<th>Date Applied</th>
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</thead>
<tbody>
<tr>
<td>LSE</td>
<td>60-C73351</td>
<td>SPECUSE</td>
<td>Daniel &amp; Molly Davidson</td>
<td>4/8/2019</td>
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<tr>
<td>LAND</td>
<td>86-099144</td>
<td>EXCHANGE</td>
<td>DNR</td>
<td>5/7/2019</td>
</tr>
</tbody>
</table>

Access

Access via Cunliff County Road.
Special Notations

- Subject to Commissioner’s Order #201225 regarding Forest Health Hazard Warning Designation dated 8/22/2012

- Title & Records Office has no records for utility line to lease parcel

Title Examiner: Andy Pittenger Date: October 22, 2019

Proofread by __________________ Date: _____________________
<table>
<thead>
<tr>
<th>No.</th>
<th>Inst.</th>
<th>NAME</th>
<th>Date</th>
<th>Amt. Rec'd</th>
<th>NE</th>
<th>NW</th>
<th>SW</th>
<th>SE</th>
<th>NE</th>
<th>NW</th>
<th>SW</th>
<th>SE</th>
<th>NE</th>
<th>NW</th>
<th>SW</th>
<th>SE</th>
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<tbody>
<tr>
<td>168</td>
<td>6th</td>
<td>A. N. Hager</td>
<td>Apr. 4, 1871</td>
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<td>405</td>
<td>6th</td>
<td>C. E. Cleaves</td>
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<td>L. B. Rosier</td>
<td>July 7, 1876</td>
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<td>J. B. Rosier</td>
<td>Oct. 20, 1876</td>
<td>$800.00</td>
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<tr>
<td>1974</td>
<td>6th</td>
<td>C. R. Baker</td>
<td>Feb. 1, 1877</td>
<td>$800.00</td>
<td></td>
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</tr>
<tr>
<td>3942</td>
<td>6th</td>
<td>Frank Baker</td>
<td>July 10, 1876</td>
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  - SCHOOL

- **Notes:**
  - Cancelled by the U.S. Patent No. 227,389.
  - Washington Selection No. 2,226

- **Map Legend:**
  - Source: U.S. Patent No. 227,389
  - Date: Dec. 13, 1920
  - Claims and Certificates:
    - C. H. Mossen
    - C. R. Baker
    - R. D. Schrader
    - Frank Baker
    - C. E. Cleaves
    - A. N. Hager
    - Henry Mossen
    - L. B. Rosier
    - J. B. Rosier
    - C. R. Baker

- **Legend Entries:**
  - Water Rights
  - Mineral Rights
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  - School
  - Cancelled

- **Additional Notes:**
  - Water Rights:
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    - Refunded
  - Source: U.S. Patent No. 227,389
  - Date: Dec. 13, 1920
  - Quantity: 10 Acre Feet

- **Claims:**
  - C. H. Mossen
  - C. R. Baker
  - R. D. Schrader
  - Frank Baker
  - C. E. Cleaves
  - A. N. Hager
  - Henry Mossen
  - L. B. Rosier
  - J. B. Rosier
  - C. R. Baker

- **Certifications:**
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- **Cancellation:**
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CERTIFICATE OF ADJUDICATED WATER RIGHT

This is to certify:

That by virtue of a decree of the Superior Court of the State of Washington in and for Klickitat County, made and entered on the 1st day of June, 1972, in the case of State of Washington v. C. L. Tupper, et ux, et al.,

County Cause No. 10076, which decree determined the rights of all known claimants to the use of the waters of Blockhouse Creek Drainage Basin,

State of Washington, Department of Natural Resources

of Olympia, Washington

is entitled to use, subject to provisions set forth in said decree, and the laws of the State of Washington, the waters of ___________ ___________ for the purpose of Domestic ___________.

The water right is confirmed in the amount of water that is reasonably and actually necessary for the purpose aforesaid and shall not exceed 0.02 cubic foot per second, ___________ as needed, 1.0 acre-foot per year.

That the decree aforesaid establishes said right in Class XI, with a priority date of 1908 ___________.

That the approximate point(s) of diversion are as follows:

Southwest corner of the NW1/4SW1/4 of Section 16, Township 4 North, Range 15 E.W.M.

That said water right was adjudged by said decree to be and is appurtenant to the following described real property situated in Klickitat County, Washington, to-wit:

NW1/4SW1/4 of Section 16, Township 4 North, Range 15 E.W.M.

File No. 145809 ___________________________Filed For Record June 25, 1973

at 2:08 A.M. ___________________________Recorded in Vol. 162 of DEEDS Page 285

Any changes in these rights can only be in compliance with Chapters 90.03 and 90.44 RCW. This certificate of adjudicated water right is specifically subject to relinquishment for nonuse of water as provided in Chapter 90.14 RCW.


WITNESS the seal and signature of the Assistant Director, Department of Ecology, affixed this 5th day of June, 1973.

[Signature]

Assistant Director
Department of Ecology
State of Washington
STATE OF WASH., COUNTY OF Klickitat
FILED OR RECORDED

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Request of DEPT. OF ECOLOGY

On June 25, 9:08 a.m. 19.73

[Signature]

County Auditor

Mail to STATE OF WASHINGTON