

## LAND AND WATER LEASE

THIS LAND AND WATER LEASE ("Lease") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2025, between **BEAR RIVER WATER CONSERVANCY DISTRICT**, a water conservancy district organized under the laws of the State of Utah (hereinafter referred to as "**Landlord**"), and **BBM LAND, LLC**, a Utah limited liability company (hereinafter referred to as "**Tenant**").

### RECITALS:

A. Landlord entered into a Lease Agreement (the "**Prior Lease**") dated June 29, 1993 between Box Elder County, Utah (the "**County**"), as lessor, and Landlord, as lessee, whereby the County leased to Landlord the real property (the "**Real Property**") described on the attached Exhibit "A" consisting of approximately 477 acres, the water rights (the "**Water Rights**") appurtenant to the Real Property which are described on the attached Exhibit "B," along with all permanent improvements (the "**Improvements**") located on the Real Property, and also to Wells 3 and 4, the Newman Well, Backup Well, and the Office Parcel Well, all as labeled in Exhibit C (the "**Wells**") located on the Real Property.

B. Landlord and Chanshare, Inc., a Utah corporation ("**Chanshare**"), entered into a previous Farm Sublease pertaining to the Real Property, the Water Rights, the Improvements and certain Wells that began on March 30, 2001 and was extended, through two amendments thereto, to February 28, 2007, and which was amended and restated by that certain Farm Sublease entered into as of October 25, 2007 and intended to be effective as of March 1, 2007 (collectively referred to herein as the "**Prior Farm Sublease**").

C. Landlord, Chanshare and Tenant entered into an Amended and Restated Farm Sublease on December 22, 2016, which amended and restated the Prior Farm Sublease and intend to continue the relationship between Landlord and Tenant (in lieu of Chanshare) ("**Sublease**"). Landlord, Chanshare, and Tenant intended that the Sublease fully and completely supersede and replace the Prior Farm Sublease and any and all amendments thereto previously executed by Landlord and Chanshare.

D. Chanshare Select, Inc., a Utah corporation ("**Chanshare Select**"), is an entity that is separate and distinct from Chanshare. Tenant and Chanshare Select are related entities. In the Sublease, Tenant and Chanshare Select desired to structure the relationship between Landlord, Tenant and Chanshare Select such that Tenant and Landlord were the parties to the Sublease, and Tenant subleased to Chanshare Select, with Landlord's consent, all of Tenant's rights under the Sublease with respect to the Subject Property (as defined in Section 1.1 of the Sublease). Landlord entered into the Sublease with Tenant, and Landlord was willing to grant to Tenant the right to sublease to Chanshare Select all of Tenant's rights with respect to the Subject Property arising under the Sublease.

E. Landlord purchased the Real Property, Water Rights, Improvements, and Wells from County. The Prior Lease is terminated.

F. The Sublease terminates December 31, 2026. Landlord and Tenant wish to continue their lease relationship after the Sublease.

## AGREEMENT

In consideration of the payments and covenants set forth herein and for other good and valuable consideration, the receipt, adequacy, and legal sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

### I. LEASE

1.1 Landlord does hereby lease, demise and rent unto Tenant: (a) the 477 acres of Real Property (excepting and excluding therefrom the DWSP Zones (as described in Section 1.2 below), located around the culinary wells (Newman Well and Backup Well) identified in the Site Plan attached as Exhibit "C" (the "**Site Plan**")); (b) the Improvements located on the Real Property (excepting and excluding from the Improvements, the pump station and the delivery lines used to deliver water to Landlord's culinary water system), (c) irrigation Wells 3 and 4 and the Office Parcel Well located near the residence (the "Residence"), as identified on the Site Plan, (d) the right to use up to a maximum of 1,100 acre feet of Water (as defined in section 3.1 below) per year for irrigation use on the Real Property, as authorized annually by Landlord in the Approved Land and Water Use Plan (as defined in Section 3.1 below) and (e) the right to use up to a maximum of 2 acre feet of Water per year for culinary and domestic use within the Residence and the building located near the Residence (collectively referred to herein as the "**Subject Property**").

1.2 Landlord shall have the right to designate Drinking Water Source Protection Zones consisting of areas of land (the "**DWSP Zones**") around each of the culinary Wells that are used for public water supply purposes located on the Real Property, which shall not be used by Tenant in its farming operations on the Real Property and which DWSP Zones shall not be deemed part of the Subject Property leased by Tenant pursuant to this Lease. The exact location and the extent of the DWSP Zones may be designated, changed and expanded by Landlord from time to time during the Term of this Lease in order to comply with all laws, rules and regulations that may be applicable from time to time to Landlord's use of the Water Rights in Landlord's operations as a water conservancy district. This subsection shall specifically cover the presently existing well protection DWSP Zones encompassing a 100-foot radius surrounding the "Newman Well" located inside the pump station and the "Backup Well" located adjacent to Landlord's pump station and used by Landlord to provide a public water service. Such DWSP Zones have been approved by the Utah Division of Drinking Water. Tenant shall not, in its farm operation, engage in any practices or activities which would, in any way, violate the terms and conditions of the DWSP Zones surrounding the Newman Well or the Backup Well, and Tenant shall not use, spread or apply any substances or chemicals of any nature within the DWSP Zones. The Newman Well and Backup Well are located as labeled in Exhibit C.

### II. TERM

Subject to the right of Landlord to take and divert the Water Rights as provided in Section 3.1 below, this Lease shall be deemed to commence when executed by both parties and continue until December 31, 2030 (the "**Term**"). Throughout the Term, all rental obligations of Tenant shall be calculated and shall be payable on a calendar year basis. The parties agree that upon execution of this Lease, this Lease will entirely replace the Sublease and any extensions thereto, the Sublease shall terminate, and Tenant has no claims against Lessor under the Sublease. Lessee shall

indemnify Lessor against any claim under the Sublease by Chanshare or Chanshare Select.

### **III. ANNUAL APPROVED LAND AND WATER USE PLAN AND LANDLORD'S RIGHT TO DIVERT WATER.**

3.1 No later than January 31<sup>st</sup> of each calendar year during the Term of this Lease (commencing on December 31, 2025), Tenant shall deliver to Landlord a proposed written land and water use plan utilizing the form attached hereto as Exhibit "D" (the "**Proposed Land and Water Use Plan**"), which shall identify the specific portions of the Real Property that Tenant proposes to irrigate (using up to a maximum of 1,100 acre feet of water from the water (the "**Water**") available from the Water Rights) during the immediately subsequent calendar year and which Proposed Land and Water Use Plan shall identify the specific crops proposed to be planted, grown and harvested by Tenant on each portion of the Real Property that will be irrigated by Tenant during such calendar year and the quantity of Water to be utilized by Tenant to irrigate each specific portion of the Real Property (up to a maximum of 1,100 acre feet of Water in any calendar year). Following the receipt by Landlord of Tenant's Proposed Land and Water Use Plan, Landlord shall respond in writing to Tenant no later than January 31 of the calendar year for which the Proposed Land and Water Use Plan is proposed, which written response from Landlord (the "**Approved Land and Water Use Plan**") shall designate the maximum quantity of Water (which in no event shall exceed 1,100 acre feet of Water) that Tenant shall be authorized by Landlord to use for irrigation purposes on the Real Property during such calendar year. Notwithstanding the quantity of Water for irrigation purposes proposed by Tenant in Tenant's Proposed Land and Water Use Plan for any calendar year, Landlord shall have the right to reduce or to curtail in Landlord's sole discretion the 800 af of Water from the Newman Well and Backup Well that Tenant shall be entitled to use for irrigation purposes on the Real Property, which reduction or curtailment shall be set forth annually in the Approved Land and Water Use Plan for each calendar year during the Term of this Lease (commencing with calendar year 2026). This reduction to the 800 af of Water from the Newman Well and Backup Well shall not exceed 600 af, leaving 200 af to be diverted from the Newman Well and Backup Well. Landlord reserves and shall have the preeminent right throughout the Term of this Lease to take and divert the Water associated with the Water Rights up to the full amount thereof (except up to a maximum of 2 acre feet of Water per year reasonably necessary to provide for the domestic and culinary needs of the Residence and its appurtenances and of the offices located in the building adjacent to the Residence, comprising a portion of the Improvements located on the Real Property). While Tenant may be authorized by Landlord to use up to a maximum of 1,100 acre feet of Water per calendar year for irrigation purposes and up to a maximum of 2 acre feet of Water per calendar year for culinary and domestic purposes under the terms and conditions of this Lease, all ownership and control of the Water Rights and the Wells shall remain with Landlord. Tenant does not obtain any ownership interest in the Water Rights by this Lease. Tenant shall not have the right nor the authority to file any change applications associated with the Water Rights. Landlord's right to take and divert the Water may be exercised each year as set forth in the Approved Land and Water Use Plan, in Landlord's sole discretion. All references herein to 1,100 acre feet of Water shall be interpreted to mean and be limited to a maximum of 800 acre feet annually from the Newman Well and Backup Well and a maximum of 300 acre feet annually from Wells 3 and 4. The 477 acres referenced in 1.1(a) above is comprised of 470 acres of irrigated land (the "**Irrigation Land**") and 7 acres for the Tenant's office (the "**Office Parcel**"), which parcel is labeled in Exhibit C.

3.2 Landlord expressly reserves and shall have the right at any time to come upon the

Subject Property for the purpose of doing any or all of the following: to install, inspect, operate, maintain, repair and replace, if necessary, water lines of any size and any pumps, motors, panels, casings, and other improvements and also any appurtenances to the Wells, to make surveys of the Real Property, to monitor the Wells, to read any measuring devices pertaining to the flow or output of Water from the Wells, and to conduct any other activities deemed necessary by Landlord pertaining to the performance of Landlord's operation as a water conservancy district, including without limitation Landlord's activities to take and divert the Water as provided above, all of the foregoing at such times and with such personnel, vehicles and equipment as Landlord deems necessary in Landlord's sole discretion. Landlord shall endeavor to minimize any damage to the Subject Property as a result of any such actions by Landlord or its agents or representatives in exercising such rights. In the event any of Tenant's crops or sod are damaged or destroyed as a result of the exercise of Landlord's right to enter upon the Subject Property as provided in this Section 3.2 and the performance by Landlord of the activities described in this Section 3.2, Landlord and Tenant shall negotiate in good faith to agree upon the amount of the damages, if any, incurred by Tenant as a result of any such activities by Landlord or its agents and representatives, and Landlord shall reimburse to Tenant such agreed upon amount, pursuant to the terms and conditions agreed upon by Landlord and Tenant.

3.3 Landlord shall have the right but not the obligation, at Landlord's expense and at Landlord's option, to provide replacement water ("Replacement Water") suitable for irrigation purposes (other than any of the Water represented by the Water Rights which Water is diverted from the Wells) to the Real Property, which Replacement Water would be provided to the irrigation main lines presently or subsequently installed for use in irrigating the Real Property. In such event the obligation of Tenant to make rental payments with respect to the irrigated portion of the Real Property will continue in full force and effect as though the original Water on the Subject Property had not been diverted or taken, provided that there shall be no significant time interval or gap between the taking of the Water and the substitution of the Replacement Water which would adversely affect the crops or the farming operations of Tenant on the Subject Property. If Landlord elects to furnish such Replacement Water, the Annual Rent (as defined in Section V below) payable to Landlord by Tenant shall continue to be in full force and effect, unless Landlord and Tenant agree to increase the Annual Rent payable by Tenant because of the costs which would be incurred by Landlord in supplying for Tenant's use such Replacement Water.

#### **IV. TENANT'S USE OF WATER**

4.1 Subject to the terms and conditions contained in this Lease, Tenant shall have the right to the use of the Landlord's Water and associated facilities as follows:

4.1.1 Subject to the limitations set forth in the Approved Land and Water Use Plan approved each year by Landlord, Tenant may have (1) the right to access and utilize the Landlord's irrigation Wells Nos. 3 and 4 to supply up to a maximum of 300 acre feet of Water per year for irrigation purposes; and (2) the right to water from Landlord's Newman Well and Backup Well to supply up to a maximum of 800 acre feet of Water per year for irrigation purposes. Tenant shall have the right to use the "domestic" Well adjacent to the Residence to supply up to a maximum of 2 acre feet of Water per year for domestic and culinary water for use in the Residence and the adjacent buildings located on the Real Property. Regarding the Newman Well and Backup Well, Tenant may divert the water at a rate not to exceed 1,800 gpm. Tenant may seek permission from Landlord's general manager to divert the water at a rate not to exceed 2,500 gpm for short

periods of time. Landlord's permission to divert 2,500 gpm must be in writing and may be revoked, in the Landlord's general manager's discretion.

4.1.2 Tenant shall have the right to receive Water for purposes of irrigation from the reservoir connected to the Newman Well and the Backup Well through a control valve located directly south of the pump station when the Newman and Backup Well are not operating because the reservoir is full. In times of shortage, equipment or power failure or other emergencies, Landlord's right to use Water from the storage tank connected to the Newman Well and the Backup Well and reservoir tank shall supersede any right of Tenant.

4.1.3 In diverting and using Water, Tenant shall be limited to the specific sources set forth in the annual Approved Land and Water Use Plan. Tenant shall not access the Landlord's pump station that contains the Newman Well and Backup Well.

4.2 In the event that Tenant desires to use any of Landlord's Water to irrigate land other than the Real Property, Tenant shall request such authorization from Landlord in writing. Landlord, in Landlord's sole discretion, may authorize Tenant to utilize a portion of Landlord's Water for such irrigation purposes on land other than the Real Property on such terms and conditions and for such consideration as may be agreed upon between Landlord and Tenant in writing.

4.3 In the event, Landlord has an urgent or emergency need for the Water for another use, District may terminate this Lease. In such event Landlord must reimburse Tenant for all crop losses resulting from the termination.

## V. ANNUAL RENT

5.1 Commencing on January 1, 2026, Tenant shall pay an annual cash rental to Landlord, as rent for the use and occupancy of the Subject Property, in the amount of (a) \$50.00 per acre for the 470 acre Irrigation Land for which Water or Replacement Water for irrigation will be available during the entire crop season of the year in question (the "**Per Acre Rent**"); (b) subject to the four-year credit in Section 7.13, an annual payment of \$63,171.00 for the 7 acre Office Parcel (the "**Office Parcel Rent**"); (c) an annual payment of \$250.00 for each acre foot of Water Lessee is entitled diverted from the Newman Well or Wells 3 and 4, not to exceed 800 acre feet annually from the Newman Well or 300 acre feet annually from Wells 3 and 4 (the "**Water Use Rent**"). Tenant shall pay the Water Use Rent regardless of the amount of Water diverted and used. For any of the Subject Property for which Water or Replacement Water for irrigation will not be available during the entire crop season of the year in question, due to the taking or diverting of Water by Landlord pursuant to Section 3.1 above, Tenant shall pay a Per Acre Rent to Landlord as rent for the use and occupancy of such portion of the Subject Property, in the amount of \$50 per acre for all acres of the Subject Property for which Water or Replacement Water for irrigation will not be available during the entire crop season of the year in question, and Tenant shall have the right to "dry farm" those portions of the Subject Property for which Water or Replacement Water will not be available. District will pay the power bill at the Backup Well, Newman Well, and Well 3. Tenant shall be responsible for the power bill and maintenance of Well 4 and the Office Parcel Well.

5.2 The amounts payable in each calendar year to Landlord from Tenant for the Per

Acre Rent, Office Parcel Rent, and Water Use Rent shall be payable in quarterly installment payments in the amounts and at the times set forth in Exhibit E. The unpaid balance of any amount due and payable to Landlord by Tenant for Per Acre Rent, Office Parcel Rent, and Water Use Rent for such calendar year shall be due and payable in full no later than December 15 of such calendar year. Commencing with calendar year 2026 and continuing thereafter for every calendar year through calendar year 2030, the installment payments received by Landlord from Tenant shall be applied by Landlord first to satisfy the Office Parcel Rent payable for such calendar year, then to satisfy the Per Acre Rent payable for such calendar year, and then to satisfy the Water Use Rent. The failure of Tenant to pay Landlord any installment payment on the due date of any such installment payment, in accordance with the foregoing schedule, shall constitute an event of default by Tenant under this Lease. Landlord will not be obligated to notify Tenant in writing of any such default. Tenant will have 30 days following the due date of any such amount payable to Landlord hereunder to cure the default. If Tenant commits an event of default by failing to pay any installment payable by Tenant to Landlord as set forth in this Section 5.3, and if Tenant fails to cure such default within 30 days following the due date of such payment, then the entire amount of Per Acre Rent, Office Parcel Rent, and Water Use Rent for such calendar year shall thereupon become immediately due and payable in full to Landlord by Tenant, and the full amount of all such unpaid Per Acre Rent, Office Parcel Rent, and Water Use Rent shall thereupon commence to accrue interest at the rate of twelve percent (12%) per annum from the date of such event of default until such amounts are paid in full.

5.3 Landlord will increase the Per Acre Rent, Office Parcel Rent, and Water Use Rent 3% annually.

## **VI. LANDLORD'S ADDITIONAL OBLIGATIONS**

6.1 Landlord agrees to permit Tenant, and/or its employees and the immediate families thereof to live in and occupy the Residence, the Improvements and other buildings comprising the Improved Parcel portion of the Subject Property. However, Tenant shall not sublet the same to anyone not associated with the farming operations being undertaken on the Subject Property who is not a Tenant or an employee of Tenant, without Landlord's prior written consent.

6.2 Landlord agrees that upon Tenant duly performing all of the obligations required hereunder, Tenant shall peacefully and quietly have, hold, and enjoy the Subject Property during the Term of this Lease.

6.3 In consideration of the performance by Tenant of all of its obligations hereunder, Tenant shall be entitled to all government program payments, electrical power curtailment program payments and all other similar program payments relative to the Subject Property or crops grown thereon during the Term of this Lease, and Tenant shall also have right to the use of all fall feed grown on the Subject Property for livestock pasturing thereon except within the DWSP Zones.

## **VII. TENANT'S ADDITIONAL OBLIGATIONS**

7.1 Tenant shall use the Subject Property for the purpose of growing, harvesting and selling sod for commercial purposes and for the purpose of carrying on agricultural operations and for no other purposes without the prior written consent of Landlord, as evidenced in the annual Approved Land and Water Use Plan. Tenant agrees to comply with all applicable federal, state and

municipal laws, rules, regulations, statutes and ordinances with respect to the use of the Subject Property, including without limitation all laws, rules, regulations, statutes and ordinances pertaining to the protection of the environment and water quality. Tenant shall not use (nor allow the use of) the Subject Property or any portion thereof, for the dumping of refuse or any material that could be considered as refuse, including any toxic or hazardous materials, and Tenant shall comply with all governmental regulations relating to the use, storage and disposal of any products, waste or materials. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liabilities, fines costs or expenses, including without limitation attorneys' fees and litigation expenses, caused by or resulting from the violation by Tenant of any laws, rules, regulations, statutes or ordinances pertaining to the Subject Property and/or Tenant's activities thereon, including without limitation all liabilities, fines, costs or expenses resulting from any use, storage or disposal of any products, waste or materials by Tenant, and Tenant shall defend Landlord and pay reasonable attorneys' fees incurred in connection with such defense and indemnification. As set forth above in Section 1.2, Tenant shall not undertake any agricultural or other activity which would be in violation of the current or amended DWSP Zones surrounding the Newman Well or the Backup Well or any other Well designated by Landlord as being within a DWSP Zone, as established by the Utah Division of Drinking Water.

7.2 In addition to the Annual Rent payable by Tenant to Landlord pursuant to Section V hereof, Tenant shall pay in a timely manner all personal property taxes and assessments applicable to the Subject Property and applicable to all of Tenant's personal property during the Term of this Lease. Tenant shall also be responsible for the payment of all real property taxes and assessments and/or privilege taxes in lieu thereof which pertain to the Subject Property during the Term of this Lease. Landlord shall provide to Tenant a copy of the tax notices, and Tenant shall pay the privilege taxes due to Box Elder County by November 30 of each year. The amount payable by Tenant during the final year of the Term of this Lease shall be prorated to the expiration date of the Term of this Lease.

7.3 Tenant, at Tenant's sole cost and expense, shall conduct all operations on the Subject Property in accordance with the best methods of husbandry practiced in the geographic vicinity of the Subject Property, including without limitation the best methods for the control and eradication of all noxious weeds and the maintenance of canals, ditches and roadways so the same are free of weeds. Tenant shall maintain and repair, at Tenant's sole cost and expense, of all Improvements located on the Real Property, including without limitation all fences, improvements, buildings, houses and other structures and improvements comprising a part of the Subject Property, and including without limitation Wells Nos. 2, 3 and 4 and all pumps and irrigation equipment utilized by Tenant on the Subject Property. Tenant shall maintain all such buildings, improvements and equipment so that they remain in the same condition and repair as they existed upon the commencement of this Lease. Tenant shall be responsible to bear all of the costs to repair and maintain all of the equipment associated with Well No 4. Pursuant to Section 7.4, Tenant shall also pay \$7,500 annually with respect to the Landlord's maintenance and repair of the Newman Well, Backup Well, and Well 3 used by the Tenant to irrigate its crops or sod on certain portions of the Real Property in the vicinity of the pump station. Tenant shall pay its metered portion of the electrical power utilized to operate Well 4 for irrigation on the Subject Property. Landlord will pay the power bill for Well 3, Backup Well, and Newman Well for irrigation on the Subject Property. Tenant further agrees not to commit waste, allow erosion, or suffer the unwarranted waste of Water to be committed on the Subject Property. Tenant shall provide a reasonable rotation of crops in accordance with the standards described in this Section 7.3. However, so long as such reasonable

practices are maintained and are subject to the annual Approved Land and Water Use Plan, Tenant may propose what crops are to be planted by Tenant each year.

7.4 In addition to any other rents and charges for which Tenant is responsible as provided herein, Tenant shall pay Landlord \$7,500 per year to cover ordinary operation, maintenance and repair costs on the facilities used, directly or indirectly, to deliver or supply Water to Tenant for irrigation purposes. The \$7,500 shall be paid no later than June 1st of each calendar year throughout the Term of the Lease. This payment does not cover the maintenance of Well 4 of the Office Parcel Well, which is Tenant's sole responsibility.

7.5 Tenant shall be responsible for and shall pay all costs of any nature whatsoever associated with Tenant's sod growing and/or farming operation on the Subject Property including, but not being limited to, the cost to maintain Well 4 and the Office Parcel Well, the cost of power to operate Well 4 and the Office Parcel Well, all power costs on the Office Parcel, all costs for seed, fertilizer, weed sprays or other chemicals, and for the maintenance of the pumps and all related equipment used in connection with the irrigation and the culinary water systems, and for the maintenance and repair of the Residence, sheds, garages, potato cellars, potato storage building, onion storage building, fixtures, and appliances which are built in to said Improvements and any and all other Improvements located on the Subject Property and the cost of all utilities or services used on the Subject Property. Tenant agrees not to permit any charges of any kind to accumulate or to become a lien against the Subject Property.

7.6 Tenant shall provide and maintain in effect throughout the Term of this Lease, at Tenant's sole cost and expense, a policy of casualty and property damage insurance issued by a reputable insurance company qualified to do such business in the State of Utah, in the amount of the actual replacement value of the Residence, and all other insurable Improvements located on the Subject Property, including the Wells (and all related pumps and equipment (subject to a deductible clause in an amount not to exceed \$5,000, but which deductible Tenant shall be obligated to pay). Any insurance policy issued pursuant to this Section shall be so written or endorsed as to make losses, if any, payable to the Landlord or as otherwise specified by Landlord. Tenant shall not settle, adjust or compromise any claims for insurance provided by Tenant pursuant to this Section 7.6 without the prior written consent of Landlord. All such insurance policies shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially or adversely to the interest of Tenant or Landlord without first giving written notice thereof to Tenant and Landlord, at least thirty (30) days in advance of such cancellation or modification. Tenant shall cause that copies of all current insurance policies obtained pursuant to this Section, or certificates evidencing such policies, shall be delivered to Landlord no later than December 31 of each calendar year during the Term of this Lease.

7.7 Tenant, at its sole cost expense, shall maintain public liability insurance insuring Tenant and Landlord against claims for personal injury, death and property damage occurring upon, in or about the Subject Property and all adjoining streets and other adjoining passage-ways, with limits of at least \$3,000,000 combined single limit for personal injury or death for each occurrence and \$500,000 for property damage for any occurrence. Tenant shall cause that a certificate evidencing such insurance shall be delivered to Landlord, which certificate shall provide that such insurance will not be cancelled by the insurer without the insurer first giving to Tenant and Landlord at least thirty (30) days written notice of the intent to cancel. Tenant shall not knowingly do or suffer anything to be done whereby such public liability insurance may be

invalidated in whole or in part.

7.8 At all times from the date hereof until the end of the Term of this Lease, Tenant shall maintain, or cause to be maintained, at Tenant's sole expense, worker's compensation coverage with respect to all officers, agents and employees of Tenant working in, on or about the Subject Property, including coverage for occupational diseases.

7.9 Tenant shall yield up and deliver possession of the Subject Property at the termination of this Lease to the Landlord, without further demand or notice, and in as good condition as when the Lease commenced, reasonable wear and tear excepted.

7.10 Tenant shall use reasonable efforts to control and eradicate, if possible, all noxious weeds which may at any time grow on the Subject Property, and Tenant shall pay all costs and expenses incurred in connection therewith.

7.11 Tenant shall not commit, allow or suffer any waste on the Subject Property, nor shall Tenant sublet or permit any other persons or entities to occupy or possess the Subject Property, except those allowed under the terms of Section XVIII of this Lease. Tenant shall not erect or place upon the Subject Property any structures, buildings, or improvements, permanent or temporary, nor alter the existing Improvements, without the prior written consent of Landlord. Tenant and Landlord hereby acknowledge that during the Sublease Tenant constructed the New Steel Building, defined in the Sublease, next to the Tenant office located at 10785 West 12800 North in Tremonton, Utah, on the 7 acre Office Parcel identified in Exhibit C.

7.12 Upon the termination of this Lease, all Improvements, including without limitation all structures, buildings, improvements, and alterations, including without limitation the New Steel Building, erected, placed or made upon the Subject Property by Tenant during the Term of this Lease shall, at the option of Landlord, remain and become the sole property of Landlord, with the exception of the irrigation pivots purchased by Tenant for the purpose of irrigating the Subject Property. The ownership of such pivots shall remain with Tenant and shall be removed by Tenant at the termination of this Lease. Should Landlord elect not to exercise this option, Tenant shall remove from the Subject Property all such structures, buildings, improvements and/or alterations erected or placed upon the Subject Property by Tenant as Landlord may designate at Tenant's sole expense.

7.13 The parties agree the New Steel Building is valued at \$252,684. Because, upon termination of this Lease, Landlord will own the New Steel Building, Landlord agrees Tenant may forgo the Office Parcel Rent for the first four years of the Lease. Tenant warrants and represents that no other entity has any interest in the New Steel Building. Tenant warrants there are no liens or unpaid costs for the New Steel Building. If the Lease terminates before four years, Tenant shall not receive the New Steel Building credit for the years remaining of the four years of credit.

7.14 Tenant shall not use nor permit the use of the Subject Property or any part thereof for any unlawful purpose or in any way which would make void or voidable any insurance in force covering any buildings or other Improvements on the Subject Property.

7.15 Tenant shall permit Landlord or its agents and representatives to enter and inspect the Subject Property, the crops and all Improvements thereon at all reasonable times.

7.16 Throughout the Term of this Lease, Tenant shall not drill any additional wells on any portion of the Subject Property, nor shall Tenant seek approval from the Utah State Engineer or from any other governmental authority to drill new wells on the Subject Property, nor shall Tenant seek to appropriate or divert Water from any location on the Subject Property other than those designated in Section 1.1(c). Tenant may file a change application to divert its own water rights from Well 4 only. Upon termination of the Lease, Tenant shall have no right to divert its water rights from any District facility without express written permission outside of this Lease.

7.17 In conducting Tenant's farming operations on the Subject Property, Tenant shall not use any materials or substances which could contaminant or pollute the Subject Property or the Water located on or beneath the Subject Property. Tenant shall not use, spread or apply any substances or chemicals of any nature within the DWSP Zones. Any chemicals or fertilizers used or applied by Tenant on the Subject Property shall not be used or applied in excess of the application rate then in effect for the crop to which such fertilizer or chemical is applied, as such application rate is established by the manufacturer of such fertilizer or chemical. In no event shall the rate of application for such fertilizer or chemical exceed the maximum rate, if any, established by any governmental entity having jurisdiction over the Subject Property. Tenant shall use chemical pesticides on the Subject Property only when needed to control pests, and Tenant's rate of application of any chemical pesticide to the Subject Property shall be strictly in accordance with the then current manufacturer's application instructions for the particular crop to which such chemical pesticide is to be applied. If a particular chemical pesticide is not approved by the manufacturer thereof for the crop which Tenant proposes to treat with such pesticide, then Tenant shall not use such pesticide on such crop. In any event, Tenant shall comply with all applicable rules and regulations of all governmental entities having jurisdiction over the Subject Property, including without limitation all such rules and regulations pertaining to the use of chemical pesticides. Throughout the Term of this Lease, Tenant shall maintain a detailed annual record for each field within the Subject Property, which record shall identify for each field the crops planted and/or grown by Tenant or anyone else during such year and the dates on which Tenant or anyone else applied any fertilizers, chemicals, pesticides or other materials to such field and the rate of application for each such fertilizer, chemical, pesticide or other material. Tenant shall deliver to Landlord no later than December 31 of each calendar year during the Term of this Lease a copy of all such reports prepared by Tenant for the entire Subject Property for such calendar year.

7.18 Tenant shall not disturb or impair in any manner the above-ground and underground pipe system used with respect to the distribution of Water on the Subject Property. Tenant shall repair at Tenant's sole cost and expense any damage to such Water distribution system caused by Tenant or any of Tenant's family members, agents, employees or permitted sublessees during the Term of this Lease.

7.19 Nothing herein contained shall authorize the Tenant to do any act or to make any contract so as to encumber or affect in any manner the title or rights of the Landlord in the Subject Property, it being understood that all repairs and alterations made by Tenant upon or in the Subject Property shall be paid for by Tenant in cash or its equivalent, and it is specifically agreed (and notice is hereby given to the effect) that no contract, transfer, assignment, mortgage, judgment, mechanic's or other lien arising out of the transactions of Tenant shall in any manner affect the title of Landlord in the Subject Property or take precedence to any of the rights or interest of Landlord in the Subject Property.

7.20 Tenant has independently examined the Subject Property, and Tenant shall be deemed to have accepted the Subject Property in its "AS IS" condition at the commencement of the Term of this Lease, and Tenant is not relying on any statement or representation of Landlord.

7.21 Tenant agrees to comply with and conform to all applicable rules and regulations of the United States Department of Agriculture relating to the growing and marketing of crops or sod, including conservation plans and giving timely reports of acreages and yields, and to take no action which would in any way jeopardize or prejudice the crop allotment or allotments applicable to the Subject Property, or to in any way jeopardize or prejudice the Water Rights.

7.22 Tenant shall provide timely periodic reports (other than financial information) as requested by Landlord which may include crop plans, fertilizer, pesticide and herbicide applications, tillage practices, yields and other requested information. Landlord may require verification of amounts with invoices, storage or sales receipts.

## **VIII. DEFAULT**

8.1 Should Tenant fail to pay to Landlord any installment of Annual Rent in Section V or other payments provided for herein no later than 30 days after same is due and payable or should Tenant fail to perform any of the terms, conditions or provisions hereof or should Tenant assign or attempt to assign this Lease or to sublet the Subject Property or any part thereof to persons or entities not expressly permitted by this Lease, and without the express prior written approval of Landlord, then after notice to Tenant as hereafter provided (or should Tenant file bankruptcy or have involuntary bankruptcy proceedings brought against Tenant or should Tenant enter into any composition or arrangement with creditors, then without notice), at the election of Landlord this Lease shall be terminated, and Landlord or the legal representatives of Landlord shall have the right to take possession of the Subject Property and the crops growing thereon, with or without process of law. In the event of any such default by Tenant, all damages incurred by Landlord, including but not limited to attorneys' fees and litigation costs, arising from or associated with Tenant's failure to perform any of Tenant's obligations under this Lease, shall be added to and become a part of the Rent in Section V payable by Tenant hereunder, and all such amounts shall be recoverable by Landlord from Tenant as additional rent hereunder. Any re-entry by Landlord, however, shall not be deemed to be a termination of this Lease by Landlord, unless Landlord notifies Tenant in writing of such termination. In the event Landlord thereafter relets the Subject Property, Tenant shall, in such event, pay to Landlord promptly when due the difference between the Rent required hereunder to be paid and the rent which Landlord may actually receive by having relet the Subject Property after Landlord deducts therefrom all costs and expenses incurred by Landlord in reletting the Subject Property.

8.2 For those defaults specifically requiring notice as herein provided, Landlord may deliver to Tenant, either personally or by mail, in the manner provided in Section XIII hereof, by certified, return receipt mail, a notice outlining in what specific respects Tenant has failed to comply with the terms of this Lease. Should Tenant fail to cure such defaults within a thirty (30)-day period after said notice has been personally delivered or deposited in the mail, then Tenant shall be in default, and Landlord shall be entitled to pursue all of its remedies provided for herein or as otherwise may be available to Landlord at law or in equity. Notwithstanding the foregoing, Tenant shall not be entitled to receive any written notice of default pertaining to the failure of

Tenant to pay to Landlord when due any installment of any Rent or any other payment payable by Tenant to Landlord pursuant to this Lease.

8.3 The remedies hereinabove set forth shall be considered as optional remedies, and Landlord does not waive any right or remedy Landlord would otherwise have at law or in equity to enforce the obligations of Tenant under this Lease or to recover damages for Tenant's breach of Tenant's obligations under this Lease.

## **IX. TENANT'S LIABILITIES AND INDEMNIFICATIONS**

Tenant shall be solely responsible for all claims for damages or other forms of relief arising out of Tenant's use, occupancy and/or possession of the Subject Property, excepting only those claims arising from Landlord's or its agent's or representative's negligence, willful misconduct, or failure to perform any of Landlord's obligations hereunder. Tenant agrees to indemnify, defend and save harmless Landlord, employees and agents of Landlord from any and all fines, suits, proceedings, claims, demands and actions of any kind or nature together with all attorneys' fees and litigation costs incurred by such indemnified parties in defending against the same, arising from such use, occupancy or possession of the Subject Property or from the acts or omissions of Tenant, its agents, contractors, servants or employees, licensees, invitees or subtenants or by reason of any breach by Tenant of Tenant's obligations under this Lease.

## **X. DISCHARGE OF LIENS**

Tenant will promptly discharge and file releases of any liens which may be placed against the Subject Property by reason of any act or omission of Tenant or Tenant's agents, representatives or employees or anyone holding or claiming the Subject Property through or under Tenant, but Tenant reserves the right to contest any such lien to a final conclusion before such payment and discharge shall be necessary.

## **XI. UNENFORCEABILITY**

If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, 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 held invalid or unenforceable, shall not be affected thereby, and each term, condition, and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

## **XII. CERTAIN DEFINITIONS**

The terms "Landlord" and "Tenant" shall include the original Landlord and Tenant and their respective legal representatives, permitted successors and permitted assigns, and the terms and conditions hereof shall extend to and be binding upon all such persons or entities.

## **XIII. NOTICE**

All notices required to be given, or otherwise given hereunder shall be in writing and shall be delivered (1) either by personal service or (2) by certified mail, return receipt requested, as follows:

To Tenant:                   BBM Land, LLC  
                                  P.O. Box 306  
                                  10785 West 12800 North  
                                  Tremonton, Utah 84337

To Landlord:               Bear River Water Conservancy District  
                                  102 West Forest Street  
                                  Brigham City, Utah 84302

Either party may change said address by written notice of a new address sent to the other party as provided in this Section XIII. Any time required for a notice shall be calculated from the date of actual personal delivery or the date of actual mailing of such notice.

#### **XIV. ATTORNEYS' FEES**

Should either party default in performing such party's obligations under this Lease, the defaulting party shall pay or reimburse to the non-defaulting party all costs and expenses, including without limitation attorneys' fees and all costs of litigation, incurred by the non-defaulting party arising or resulting from said breach, either directly or indirectly, and whether incurred by the filing of suit or otherwise.

#### **XV. APPLICABLE LAW**

This Lease is governed by and shall be construed and enforced in accordance with the laws of the State of Utah and jurisdiction for any action based on this Agreement shall be with the District Court of Box Elder County, State of Utah.

#### **XVI. ENTIRE AGREEMENT**

This Lease contains the entire agreement of the parties hereto with respect to the subject matter hereof and may not be modified or changed orally, but only by an agreement in writing which is signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. The Recitals and attached Exhibits are incorporated into this Lease as if fully set forth herein.

#### **XVII. BINDING EFFECT**

The terms and conditions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their permitted successors and assigns.

#### **XVIII. NO ASSIGNMENT OR SUBLEASING BY TENANT**

Tenant shall not assign this Lease nor sublet all or any portion of the Subject Property without obtaining the prior written consent of Landlord, which consent Landlord may withhold in Landlord's sole and absolute discretion.

#### **XIX. KNOWLEDGE AND DRAFTING PARTY**

The parties have read this Lease and have executed it voluntarily after having been apprised of all relevant information and risks and having had the opportunity to obtain legal counsel of their choice. This Lease has been and shall be deemed to be a product of joint drafting by the parties and there shall be no presumption otherwise.

## **XX. NO WAIVER**

Any party's failure to enforce any provision of the Lease shall not constitute a waiver of the right to enforce such provision or any other provision, nor shall any such waiver constitute a continuing waiver. The provisions of this Lease may be waived only in writing by the party intended to benefit by the provisions, and a waiver by a party of a breach hereunder by the other party shall not be construed as a waiver of any succeeding breach of the same or other provisions.

IN WITNESS WHEREOF the Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD  
BEAR RIVER WATER CONSERVANCY  
DISTRICT

BY:

PRINTED NAME:

TITLE:

DATE:

TENANT  
BBM LAND, LLC

BY:

PRINTED NAME:

TITLE:

DATE:

## **EXHIBIT "A"**

### **LEGAL DESCRIPTION OF THE REAL PROPERTY**

Those certain parcels of real property located in Box Elder County, State of Utah, described as follows:

PARCEL 1: (06-117-0003)

The Northeast Quarter of Section 22, Township 12 North, Range 4 West, Salt Lake Base and Meridian.

PARCEL 2: (06-071-0004 and 06-071-0005)

The West Half of the East half of the Northwest Quarter of Section 35, Township 12 North, Range 4 West, and the West Half of the Northwest Quarter of Section 35, Township 12 North, Range 4 West, Salt Lake Base and Meridian.

LESS: Any portion occupied by County Roads.

ALSO LESS: Beginning at a point 24.75 feet North and 33 feet East of the Southwest Corner of the Northwest Quarter of said Section 35, running thence North along the County Road right of way 206.45 feet; thence East 211 feet; thence South 206.45 feet to a roadway; thence West along the roadway 211 feet, more or less, to the point of beginning.

PARCEL 3: (06-119-0004)

The South Half of the Northeast Quarter of Section 34, Township 12 North, Range 4 West, Salt Lake Base and Meridian.

PARCEL 4: (06-071-0003)

The East Half of the East Half of the Northwest Quarter of Section 35, Township 12 North, Range 4 West. Salt Lake Base and Meridian.

LESS: County Road on the North.

PARCEL 5: (06-117-0005)

The South Half of the Southeast Quarter of Section 22, Township 12 North, Range 4 West, Salt Lake Base and Meridian.

SUBJECT TO: County Roads over the South and East sides thereof.

## **EXHIBIT "B"**

### **DESCRIPTION OF THE WATER RIGHTS**

<b>WATER RIGHT NO.</b>
29-1474
29-1575
29-1592
29-1909
29-2026
29-2030
29-2047
29-2736
29-2816
29-3021

### **DESCRIPTION OF WATER SOURCES**

Sources to be used by Tenant:	<ul style="list-style-type: none"><li>• Wells Nos. 3 and 4</li><li>• Office Parcel Well providing domestic water to the Residence and the adjacent buildings</li><li>• Control valve directly south of the pump station and associated water lines specifically used for irrigation purposes</li></ul>
Sources retained for exclusive use by Landlord:	<ul style="list-style-type: none"><li>• Newman Well</li><li>• Backup Well</li><li>• All other Wells on the Real Property other than the Wells specifically described above for use by Tenant</li><li>• Landlord's pump station and facilities</li><li>• Landlord's water distribution lines for use in Landlord's culinary water distribution system</li></ul>

## **EXHIBIT “C”**



# Exhibit C.1

Newman Well      Backup Well

200ft  
-112.288 41.766 Degrees

Source: Esri, USDA FSA | Esri Community Maps Contributors, Utah Geospatial Resource Center, © OpenStreetMap, Microsoft, Esri, TomTom, Ge...

POWERED BY  
esri



**EXHIBIT "D"**  
**FORM OF LAND AND WATER USE PLAN**

(A) _____	(2) _____	(1) _____
acres	acres	acres
Harris		
Newman Well and Backup Well		
06-117-0003		
(B) _____	(C) _____	
acres	acres	
Oyler		
Harris		
(3) _____	acres	
06-117-0005		

**LAND AND WATER USE PLAN**

1. Identify crops to be planted on each parcel owned by the District (#1-7).
2. Identify crops to be planted on parcels not owned by the District (A-D).
3. Total acres to be irrigated on parcels identified in #2 above.

**Section 22**

(D) _____ Thurgood acres	(5) _____ Well #2 acres
Well #4 (4) _____ 06-119-0004 acres	Well #3 <sup>o</sup> acres 06-071-0005 acres (6) _____ 06-071-0004 (7) _____ 06-071-0003

**Section 34**

**LAND AND WATER USE PLAN (continued)**

**Section 35**

5. Attach the schedule and list of chemicals applied to the land.

6. List of new improvements, if any, made to the property.

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7. Certificate of liability insurance submitted? yes no

8. 2016 Financial Reconciliation: District will provide power billings and water usage for the year. Identify any balances due.

Rent \_\_\_\_\_

Power \_\_\_\_\_

Well Maintenance \_\_\_\_\_

Irrigation for other Property \_\_\_\_\_

9. Condition of land & buildings and any comments:

10. List any subleases for land or buildings located on District Property.

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11. Any concerns or recommendations.

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Date: \_\_\_\_\_

Bear River Water Conservancy District

Date: \_\_\_\_\_

Buster Joe Marble, Chanshare Select Inc.

Date: \_\_\_\_\_

Brett Marble, Chanshare Select Inc.

## Exhibit E

Exhibit E									
Year	Quarter	Due Date	Per Acre Rent	Office Parcel Rent		Water Use Rent	Well maintenance fee	Total Payment	
2026	Q1	Jan 1, 2026	\$5,875.00	\$0.00 (Pursuant to New Steel Building Credit)		\$68,750.00	\$1,875.00	\$76,500.00	
	Q2	Apr 1, 2026	\$5,875.00	\$0.00 (Pursuant to New Steel Building Credit)		\$68,750.00	\$1,875.00	\$76,500.00	
	Q3	Jul 1, 2026	\$5,875.00	\$0.00 (Pursuant to New Steel Building Credit)		\$68,750.00	\$1,875.00	\$76,500.00	
	Q4	Oct 1, 2026	\$5,875.00	\$0.00 (Pursuant to New Steel Building Credit)		\$68,750.00	\$1,875.00	\$76,500.00	
	TOTAL		\$23,500.00			\$0.00	\$275,000.00	\$7,500.00	
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2027	Q1	Jan 1, 2027	\$6,051.25	\$0.00 (Pursuant to New Steel Building Credit)		\$70,812.50	\$1,931.25	\$78,795.00	
	Q2	Apr 1, 2027	\$6,051.25	\$0.00 (Pursuant to New Steel Building Credit)		\$70,812.50	\$1,931.25	\$78,795.00	
	Q3	Jul 1, 2027	\$6,051.25	\$0.00 (Pursuant to New Steel Building Credit)		\$70,812.50	\$1,931.25	\$78,795.00	
	Q4	Oct 1, 2027	\$6,051.25	\$0.00 (Pursuant to New Steel Building Credit)		\$70,812.50	\$1,931.25	\$78,795.00	
	TOTAL		\$24,205.00			\$0.00	\$283,250.00	\$7,725.00	
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2028	Q1	Jan 1, 2028	\$6,232.79	\$0.00 (Pursuant to New Steel Building Credit)		\$72,936.88	\$1,989.19	\$81,158.85	
	Q2	Apr 1, 2028	\$6,232.79	\$0.00 (Pursuant to New Steel Building Credit)		\$72,936.88	\$1,989.19	\$81,158.85	
	Q3	Jul 1, 2028	\$6,232.79	\$0.00 (Pursuant to New Steel Building Credit)		\$72,936.88	\$1,989.19	\$81,158.85	
	Q4	Oct 1, 2028	\$6,232.79	\$0.00 (Pursuant to New Steel Building Credit)		\$72,936.88	\$1,989.19	\$81,158.85	
	TOTAL		\$24,931.15			\$0.00	\$291,747.50	\$7,956.75	
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2029	Q1	Jan 1, 2029	\$6,419.77	\$0.00 (Pursuant to New Steel Building Credit)		\$75,124.98	\$2,048.86	\$83,593.62	
	Q2	Apr 1, 2029	\$6,419.77	\$0.00 (Pursuant to New Steel Building Credit)		\$75,124.98	\$2,048.86	\$83,593.62	
	Q3	Jul 1, 2029	\$6,419.77	\$0.00 (Pursuant to New Steel Building Credit)		\$75,124.98	\$2,048.86	\$83,593.62	
	Q4	Oct 1, 2029	\$6,419.77	\$0.00 (Pursuant to New Steel Building Credit)		\$75,124.98	\$2,048.86	\$83,593.62	
	TOTAL		\$25,679.08			\$0.00	\$300,499.92	\$8,195.45	
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2030	Q1	Jan 1, 2030	\$6,612.36			\$17,775.34	\$77,378.73	\$2,110.33	
	Q2	Apr 1, 2030	\$6,612.36			\$17,775.34	\$77,378.73	\$2,110.33	
	Q3	Jul 1, 2030	\$6,612.36			\$17,775.34	\$77,378.73	\$2,110.33	
	Q4	Oct 1, 2030	\$6,612.36			\$17,775.34	\$77,378.73	\$2,110.33	
	TOTAL		\$26,449.45			\$71,101.36	\$309,514.92	\$8,441.32	