

WHEN RECORDED MAIL TO:
THE NATURE CONSERVANCY
2060 BROADWAY, SUITE 230
BOULDER, CO 80302

Ex #3 Esmt.

DEED OF CONSERVATION EASEMENT
(CARSON VALLEY -- STURGIS)

This DEED OF CONSERVATION EASEMENT (the "Deed") is made this 21st the day of December, 2000, by and between THE NATURE CONSERVANCY, A District of Columbia nonprofit corporation, whose principal address is 4245 North Fairfax Drive, Suite 100, Arlington, Virginia 22203 ("Grantee"), and by William / ^{Timken} Sturgis, as Trustee of The William Sturgis Trust, u/t/a dated August 12, 1980, with an address at 1525 Foothill Road, Gardnerville, NV, 89410 ("Grantor").

Exhibits to this Deed of Conservation Easement include the following:

- 1) Exhibit A- Legal Description of the Property
- 2) Exhibit B- Prohibited Uses and Practices
- 3) Exhibit C- Permitted Uses and Practices
- 4) Exhibit D- Permitted Liens
- 5) Exhibit E- Map of the Property
- 6) Exhibit F- Acknowledgment of Baseline Documentation Report

RECITALS

1. Grantor is the owner in fee simple of approximately 734 acres of ranch property located in Douglas County, Nevada, more particularly described in Exhibit A attached hereto and incorporated herein by this reference, together with the buildings and other improvements located thereon (collectively, the "Property").

2. The Property, the majority of whose soils have been classified as prime and unique rangeland and open space of statewide or local importance by the Natural Resources Conservation Service , United States Department of Agriculture because of the fertility of its soils, is primarily open rangeland (the "rangeland values") currently utilized by Grantor for livestock grazing and irrigated field crop farming.

3. The Property also provides significant natural habitat for native wildlife, including Bald Eagle, Wilson's Phalarope, Long-billed Curlew and plants and possesses natural, scenic, wetland and open space values, ("conservation values") of great importance to Grantee, the people of Douglas County and the State of Nevada.

4. The property currently remains in a substantially undisturbed, natural state and has significant ecological and open-space values as defined in Nevada's 'Easements for Conservation' statute, N.R.S. Sections 111.400 to 111.440, and provides significant relatively natural habitat for native plant and wildlife.

5. Grantor intends that the ranchland and conservation values of the Property be preserved and maintained by continuing Grantor's existing uses of the Property at the time of this Grant, which consists of livestock grazing and irrigated pasture land.

6. Grantor and Grantee recognize the agricultural, scenic, aesthetic and special character of the region in which the Property is located, and have the common purpose to preserve and protect the conservation and ranchland values of the Property in perpetuity and to prevent the development of the Property for any purpose or in any manner which would conflict with the maintenance of the Property in its current condition as ranchland and grazing land.

7. The conservation purposes of this Grant are recognized by, and this Grant will serve the clearly delineated governmental conservation policies contained in the Farmland Protection Policy Act (P.L. 97-98, 7 U.S.C. Sections 4201 *et seq.*), whose purpose is to "minimize the extent to which Federal programs and policies contribute to the unnecessary and irreversible conversion of farmland to nonagricultural uses, and to assure that Federal programs are administered in a manner that, to the extent practicable, will be compatible with State, unit of local government and private programs and policies to protect farmland."

8. Grantee is a private organization organized to protect and conserve natural areas and ecologically significant land for scientific, charitable and educational purposes, and is a "holder" under the terms of Section 111.410(2)(b) of the Nevada Code and is a "qualified organization" within the provisions of Section 170(h) of the Internal Revenue Code of 1986, as amended (the IRS Code), qualified to acquire and hold conservation easements and meets the requirements of the IRS Code as a Sec. 501(c)(3) exempt organization.

9. Grantee agrees by accepting this Grant to honor the intentions of Grantor as set forth in this Grant to preserve and protect in perpetuity the conservation and ranchland values of the Property for the benefit of this generation and the generations to come.

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms, conditions and restrictions contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to the laws of the State of Nevada, Grantor hereby voluntarily grants and conveys to Grantee, and Grantee hereby accepts, an agricultural conservation easement in perpetuity over the Property of the nature and character and to the extent hereinafter set forth ("Easement").

1. Purpose. The purpose of the Easement is to protect and preserve the conservation and ranchland values of the Property and to prevent any uses of the Property that will significantly impair or interfere with those values by preventing any future development or improvement of the Property and preventing any use of the Property that will significantly impair or interfere with the conservation or ranchland values of the Property, except to the extent such

improvement of the Property and uses of the Property are expressly permitted under this Grant. This purpose, as further defined by the provisions of this Agreement, is generally referred to herein as "the conservation purpose of this Easement." Grantors intend that this Easement will confine the use of the Property to such activities as are consistent with the conservation purpose of this Easement, including agricultural uses and residential uses and other improvements to the extent associated with such agricultural uses. Pursuant to the terms of Nevada's 'Easements for Conservation' statute, N.R.S. Sections 111.400 to 111.440, the Property preserved hereby as natural land may not be converted or directed to any uses other than those provided herein.

2. Rights of Grantee. To accomplish the conservation purpose of this Easement, the following rights are conveyed to Grantee by this Easement:

(1) To identify, preserve and protect in perpetuity the conservation and ranchland values of the Property;

(2) To enter upon the Property, on an annual basis and on a more frequent basis with reasonable notice to assure compliance with the terms of this Agreement, in order to inspect, observe and study the Property for the purposes of (i) identifying the current uses and practices of the Property, (ii) monitoring the uses and practices of the Property to determine whether they are consistent with this Grant, and (iii) enforcing the rights granted herein; provided, that any such entry upon the Property by Grantee shall be at reasonable times, upon reasonable prior notice and in a manner which does not unreasonably interfere with the use of the Property being made by Grantor, or any lessee, permittee or licensee of Grantor; and

(3) To prevent any activity on or use of the Property that is inconsistent with the conservation purpose of this Easement and to require the restoration of such areas or features of the Property that may be damaged by any inconsistent activity or use.

3. Prohibited Uses. Any activity on or use of the Property inconsistent with the conservation purpose of this Easement is prohibited. Without limiting the foregoing, the activities and uses of the Property set forth in Exhibit B attached hereto and incorporated herein by reference are expressly deemed to be inconsistent with the conservation purpose of this Easement and are prohibited. Grantor understands and acknowledges that nothing contained in this Grant relieves Grantor of any obligation or restriction on the use of the Property imposed by law.

4. Reserved Rights. Grantor reserves to itself, and to its personal representatives, heirs, successors and assigns, all rights accruing from its ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited herein and are not inconsistent with the conservation purpose of this Easement. Without limiting the foregoing, the uses of the Property set forth in Exhibit C attached hereto and incorporated herein by reference are expressly deemed to be consistent with the conservation purpose of this Easement and may not be precluded or limited.

The uses and practices set forth in Exhibits B and C are not necessarily exhaustive recitals of inconsistent and consistent uses and activities, respectively. They are set forth both to

establish specific prohibited and permitted activities and to provide guidance in determining the consistency of other activities with the conservation purpose of this Easement.

5. Development Rights. Grantor hereby grants to Grantee all development rights that are now or hereafter allocated to, implied, reserved or inherent in the Property, including, without limitation, any rights to subdivide the Property, to record a lot line adjustment relating to the Property, to record a tentative or final subdivision map for the Property, to change the zoning designation of the Property or to construct any improvements on the Property, not including any rights specifically reserved by Grantor pursuant to this Grant, and Grantor and Grantee agree that such rights are hereby terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, nor used for the purpose of calculating permissible lot yield of the Property or any other property.

6. Water Rights. Grantor shall retain and reserve all water rights appurtenant to the Property for use solely in connection with Grantor's agricultural operations on the Property, and Grantor shall not transfer, encumber, lease, sell or otherwise sever any such water rights from Grantor's title to the Property. Further, Grantor's use of all water rights appurtenant to the Property shall be consistent with the conservation purpose of the Grant.

7. Third Party Rights. No restriction on the use of the Property expressed herein is intended, nor shall any such restriction be construed, to limit unreasonably any duly recorded valid pre-existing right held by any third party to use the Property.

8. Access. No right of access by the general public to any portion of the Property is conveyed by this Grant. Nothing in this Grant shall be construed to preclude Grantor's right to grant access to third parties across the Property, provided that such access is allowed in a reasonable manner and is consistent with the conservation purpose of this Easement.

9. Costs and Liabilities. Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property (collectively, the "Operational Costs and Liabilities"), including the maintenance of adequate and customary comprehensive general liability insurance coverage. Grantee shall have no obligation or responsibility whatsoever for the Operational Costs and Liabilities. Grantor shall keep the Property free of any liens arising out of any work performed for materials furnished to or obligations incurred by Grantor.

10. Taxes. Grantor shall pay before delinquency all taxes, assessments, fees and charges of whatever description levied on or assessed against the Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as result of, the Easement. Grantee shall have no obligation to pay any taxes levied on or assessed against the Property.

11. Grantee's Remedies. If Grantee determines that Grantor is in violation of any term of this Grant or that a violation is threatened, Grantee shall deliver written notice to Grantor of such violation and demand corrective action sufficient to cure the violation and, if the

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violation or threatened violation involves injury to the Property resulting from any use or activity inconsistent with the conservation purpose of this Easement, to restore the portion of the Property so injured. If Grantor fails to cure the violation within thirty (30) days after receipt of notice thereof from Grantee, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally cured, Grantee may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Grant, to enjoin the violation, ex parte as necessary, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Grant or injury to any ranchland values or conservation values protected by this Grant, including damages for the loss of scenic, agricultural, aesthetic or environmental values, and to require the restoration of the Property to the condition that existed prior to any such injury. Without limiting Grantor's liability therefor, Grantee may apply any damages recovered to the cost of undertaking any corrective action on the Property. If Grantee reasonably determines that circumstances require immediate action to prevent or mitigate significant damage to the ranchland values or the conservation values of this Grant, Grantee may pursue its remedies under this paragraph without prior notice to Grantor or without waiting for the period provided for cure to expire. Grantee's rights under this paragraph apply equally in the event of either actual or threatened violations of the terms of this Grant, and Grantor agrees that Grantee's remedies at law for any violation of the terms of this Grant are inadequate and that Grantee shall be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Grant, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this paragraph shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity. The failure of Grantee to discover a violation or to take immediate legal action shall not bar Grantee from taking such action at a later time.

12. Cost of Enforcement. Any costs incurred by Grantee in enforcing the terms of this Grant against Grantor, including, without limitation, costs of suit and attorneys' fees, and any costs of restoration necessitated by Grantor's violation or negligence under the terms of this Grant, shall be borne by Grantor; provided, that Grantee shall bear the costs of any of Grantee's annual inspections of the Property performed pursuant to Section 2(b) of this Grant. If Grantor prevails in any action to enforce the terms of this Grant, Grantor's costs of suit, including without limitation, reasonable attorneys' fees, shall be borne by Grantee, to the extent permitted by law.

13. Grantee's Discretion. Enforcement of the terms of this Grant shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Grant in the event of any breach of any term of this Grant by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Grant or of any of Grantee's rights under this Grant. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.

14. Acts Beyond Grantor's Control. Nothing contained in this Grant shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the

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Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm and earth movement, or from any prudent action taken by Grantor under emergency conditions to prevent, abate or mitigate significant injury to the Property resulted from such causes.

15. Baseline Documentation for Enforcement. In order to establish the present condition of the Property's protected values, Grantee will prepare baseline documentation prior to recordation of this Agreement, which will be maintained on file with Grantee and which is intended to serve as an objective information baseline for monitoring compliance with the terms of this Agreement. The parties agree that the baseline documentation provides collectively an accurate representation of the Property at the time of the execution of this Agreement and both parties shall execute and deliver to each other the Acknowledgment of Baseline Documentation Report attached hereto as Exhibit F. Grantee shall provide Grantor, free of charge, one complete copy of all of the baseline documentation promptly after it is prepared. Grantor shall cooperate with Grantee's efforts in preparing the baseline documentation, and Grantor shall accept the baseline survey as evidence of the condition of the Property at the time of conveyance of this Grant. Grantor and Grantee recognize that changes in economic conditions, in agricultural technologies, in locally accepted agricultural management practices, in natural resource management practices, and in the situation of Grantor may dictate an evolution of agricultural and natural resources management of the Property, consistent with the conservation purpose of this Easement.

16. Hold Harmless. Grantor shall hold harmless, indemnify and defend Grantee and its members, directors, officers, employees, agents and contractors and heirs, personal representatives, successors and assigns and each of them (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition or other matter related to or occurring on or about the Property, regardless of cause, unless due solely to the negligence or willful misconduct of any of the Indemnified Parties; (b) the breach by Grantor of any of its obligations set forth in this Grant; (c) the existence or administration of this Grant; and (d) the existence on or under the Property of any hazardous waste, substance or other contaminants as they are now and may hereafter be defined under any local, state and federal statute, law or regulation.

17. Interpretation and Construction. To the extent this Grant may be uncertain or ambiguous such that it requires interpretation or construction, then it shall be interpreted and construed liberally in such a way that meets the conservation purpose of this Grant and the goals referenced in the recitals and under Section 1 hereof. It is the intention of the parties that any interpretation or construction shall promote the conservation purpose of this Easement. If any provisions of this Grant or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions of this Grant and the applications of such provisions to persons or circumstances, other than those as to which it is found to be invalid, shall not be affected thereby.

18. Assignment. Neither this Grant nor the Easement is transferable, except that Grantee may assign its rights under this Grant, with the consent of the Grantor, to a public entity or an organization that is a qualified organization at the time of transfer under Section 170(h) of the Code and authorized to acquire and hold conservation easements under Nevada law and only if the agency or organization expressly agrees to assume the responsibility imposed on Grantee by this Grant. As a condition of such transfer, Grantee shall require that the intended conservation purpose of this Easement continue to be carried out.

19. Subsequent Transfers. Grantor agrees to incorporate the terms of this Grant in any deed or other legal instrument by which Grantor divests itself of any interest in all or a portion of the Property, including, without limitation, a leasehold interest, and to attach a copy of this Grant to any such instrument. Grantor further agrees to give written notice to Grantee of the transfer of any interest in the Property at least thirty (30) days prior to the date of such transfer. The failure of Grantor to perform any act required by this paragraph shall not impair the validity of this Grant or limit its enforceability in any way.

20. Perpetual Duration. The Easement created by this Grant shall constitute a servitude running with the land in perpetuity. Every provision of this Grant that applies to Grantor or Grantee shall also apply to such party's respective agents, heirs, executors, administrators, assigns and all other successors as their interests may appear.

21. Change of Conditions. The fact that any use of the Property that is expressly prohibited by this Easement, or any other use as determined to be inconsistent with the purpose of this Easement, may become greatly more economically valuable than permitted uses, or that neighboring properties may in the future be put entirely to uses that are not permitted thereunder, has been considered by the Grantor in granting this Easement. It is Grantor's belief that any such changes will increase the benefit to the public of the continuation of this Easement, and it is the intent of both Grantor and Grantee that any changes should not be assumed to be circumstances justifying the termination or extinguishment of this Easement. In addition, the inability to carry on any or all of the permitted uses, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment pursuant to this paragraph.

22. Termination or Involuntary Conversion of the Easement. Grantor and Grantee agree that the granting of this Easement immediately vests Grantee with a property right, and the fair market value of this property right is 50% of the full fair market value of the Property. Grantor and Grantee further agree that the ratio of the Easement's value to the value of the Property, as unencumbered by the Easement, shall remain constant, so that should this Easement be extinguished by a change in conditions in accordance with the provisions of this Easement, Grantee shall be entitled to a portion of the proceeds from any subsequent sale, exchange or involuntary conversion of the Easement interest. The Grantee's share of the proceeds shall be 50% of the value of the Property at the time of such sale, exchange or involuntary conversion of the Easement interest.

The Grantee may be compensated for the value of this property right only in the event of a condemnation or other change in conditions resulting in the termination or extinguishment of the

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Easement (as provided in Treas. Reg. Section 1.170A-14(g)(6)(i)). The Grantee shall apply its share of the proceeds in a manner consistent with the conservation purposes of the Easement or for the protection of a "relatively natural habitat of fish, wildlife, or plants or similar ecosystem," as that phrase is used in Internal Revenue Code Section 170(h)(4)(a)(ii), as amended, and in regulations promulgated thereunder

23. Grantor's Representations and Warranties. Grantor hereby represents and warrants to Grantee that :

(1) Grantor has good and sufficient title to the Property, free from all liens and encumbrances except those set forth in Exhibit D attached hereto and incorporated herein by reference, and hereby promises to defend Grantee against all such claims that may be made against Grantee relating to the Property.

(2) Except for normal releases and uses of hazardous substances on the Property by Seller in the ordinary course of Seller's ranching operations and in compliance with all applicable federal, state and local environmental laws, Grantor has no actual knowledge of any release or threatened release of hazardous substances or wastes on the Property and hereby promises to defend, indemnify and hold harmless Grantee against all litigation, claims, demands, penalties and damages, including reasonable attorneys' fees, arising from or connected with any release or threatened release of hazardous waste or violation of federal, state or local environmental laws.

24. Notices. Any notice, demand, approval, consent, or other communication required or desired to be given hereunder in writing shall be given in the manner set forth below, addressed to the party to be served at the addresses set forth below, or at such other address for which that party may have given notice under the provisions of this Section. Any notice, demand, approval, consent, or other communication given by (a) mail shall be deemed to have been given when deposited in the United States mail, first class and postage prepaid; (b) overnight common carrier courier service shall be deemed to be given on the business day (not including Saturday) immediately following the date it was deposited with such common carrier; (c) delivery in person or by messenger shall be deemed to have been given upon delivery in person or by messenger; or (d) electronic facsimile shall be deemed to have been given on the earlier of (i) the date and at the time as the sending party (or such party's agent) shall have received from the receiving party (or such party's agent) oral confirmation of the receipt of such transmission or (ii) one hour after the completion of transmission of the entire communication.

Grantor: William T. Sturgis, Trustee
William T. Sturgis Trust
1525 Foothill Road
Gardnerville, NV, 89410

Grantee: The Nature Conservancy
Western Resource Office
2060 Broadway, Suite 230

Boulder, CO 80302
Fax: (303) 541-0346
Attn: Western Regional Atty.

The Nature Conservancy
Nevada Field Office
One East First Street, Suite 500
Reno, NV 89501
Fax: 775-322-5132
Attn: State Director

25. General Provisions.

(1) **Governing Law.** The interpretation and performance of this Grant shall be governed by the laws of the State of Nevada.

(2) **Entire Agreement.** This Grant sets forth the entire agreement between the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings or agreements relating to the Easement, all of which are merged herein.

(3) **Severability.** If any provision of this Grant, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Grant, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

(4) **No Forfeiture.** Nothing contained herein will result in a forfeiture or revision of Grantor's fee title to the Property in any respect.

(5) **Amendment.** This Grant may be amended only with the written consent of Grantor and Grantee. Any such amendment shall be consistent with the conservation purpose of this Easement and shall comply with Section 170(h) of the Code, and any regulations promulgated thereunder, and shall be consistent with applicable state law.

(6) **Extinguishment.** If circumstances arise in the future that render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether with respect to all or part of Grantor's Land, by judicial proceeding in a court of competent jurisdiction.

(7) **Successors.** The covenants, terms, conditions and restrictions of this Grant shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.

(8) **Counterparts.** The parties may execute this Grant in two or more counterparts, which shall, in the aggregate, be signed by both parties, and each counterpart shall

be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

(9) Drafting. The parties hereto agree that this Grant is the product of joint draftsmanship and negotiation and that should any of the terms be determined by a court, or in any type of quasi-judicial or other proceeding, to be vague, ambiguous and/or unintelligible, that the same sentences, phrases, clauses or other verbage or language of any kind shall not be construed against the drafting party.

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COPY

IN WITNESS WHEREOF, Grantor has executed this Deed of Conservation Easement this 21st day of December, 2000.

GRANTOR:

Dated: 12-21, 2000

By: William Timken Sturgis Trustee
Name: WILLIAM TIMKEN STURGIS
Title: TRUSTEE

GRANTEE:

Dated: 12-27, 2000

By: Patrick Ramos
Name: Patrick Ramos
Title: Assistant Secretary

EXHIBITS:

- A - Legal Description of the Property
- B - Prohibited Uses and Practices
- C - Permitted Uses and Practices
- D - Permitted Liens
- E - Map of the Property
- F - Acknowledgment of Baseline Documentation Report

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STATE OF NEVADA)

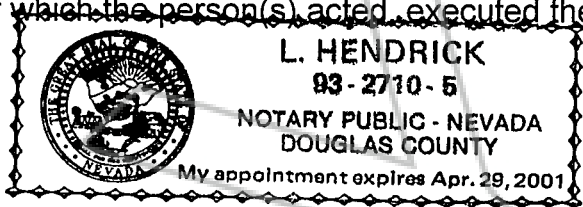
COUNTY OF Douglas)

On Dec. 21, 2000 before me, L. Hendrick

Notary Public, personally appeared William Timken Sturgis

personally known to me - OR -

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

L. Hendrick
(Signature of Notary)

STATE OF ~~NEVADA~~ WASHINGTON)

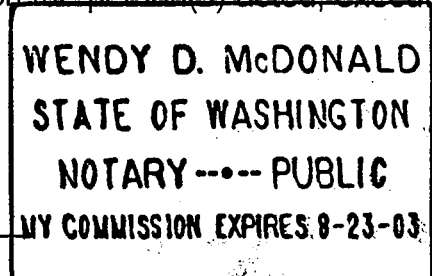
COUNTY OF KING)

On Dec 27, 2000 before me, W. McDonald

Notary Public, personally appeared Patrick Ramos

personally known to me - OR -

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Wendy D. McDonald
(Signature of Notary)

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Exhibit A to DEED OF CONSERVATION EASEMENT

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

That land lying in the County of Douglas, in Township 13 North, Range 19 East, M.D.B.&M.,

Section 33: The S 1/2 of the NE 1/4

Section 34: The E 1/2 of the NW 1/4; SW 1/4 of the NW 1/4, and the N 1/2 of the NE 1/4.

Also commencing at the section corner common to Sections 26, 27, 34 and 35, Township 13 North, Range 19 East, M.D.B.&M., and running thence South along the section line between Sections 34 and 35, said Township and Range, 20 chains, more or less, to the quarter quarter section corner; thence easterly along said quarter quarter section line, 9 chains, more or less, to common corner of fence dividing lands of Mary Cosser Estate from lands of Chris and Knox Johnson and lands of Jas P. Van Sickle; thence North along the division fence between the lands of Jas P. Van Sickle and of said Cosser Estate, a distance of 33.50 chains, more or less, to fence dividing lands of said Estate and of Oscar T. Van Sickle; thence Westerly along said boundary fence 9 chains, more or less, to section line between Sections 26 and 27; thence South along said section line 13.50 chains, more or less, to place of commencement, and being portions of the SW 1/4 of the SW 1/4 of Section 26 and the NW 1/4 of the NW 1/4 of Section 35, Township 13 North, Range 19 East, M.D.B.&M.

Also commencing at the section corner common to Sections 26, 27, 34 and 35, Township 13 North, Range 19 East, M.D.B.&M., and running thence North along the section line between Sections 26 and 27, 13.46 chains, more or less, to fence dividing lands of said Cosser Estates from lands of Oscar T. Van Sickle; thence Westerly along said fence 60 chains, more or less, to quarter quarter section line running North and South through the West half of Section 27; thence South along said quarter quarter section line 13.46 chains, more or less, to section line between Sections 27 and 34; thence East along said section line, 60 chains, more or less, to place of commencement, and being portions of the S 1/2 of the SE 1/4 and SE 1/4 of the SW 1/4 of Section 27, Township 13 North, Range 19 East, M.D.B.&M.

Also in Township 13 North, Range 19 East, M.D.B.&M.

Section 27: W 1/2 of the SW 1/4

Section 28: W 1/2 of the NE 1/4, and SE 1/4

Continued on next page

Section 33: N 1/2 of the NE 1/4
Section 34: NW 1/4 of the NW 1/4.

Excepting therefrom that portion of said land Deeded in the State of Nevada in Document Recorded September 15, 1950, Book Z of Deeds, Pages 273 and 274, Document Nos. 7582 and 7583, Douglas County, Nevada records.

Also excepting therefrom that portion is shown in Patent from the State of Nevada Recorded November 8, 1950, Book 3 of Patents, Page 287, Document No.. 7681, Patent No. 12558.

APN 17-200-01
17-200-02
17-200-03
17-200-14

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Exhibit B to DEED OF CONSERVATION EASEMENT

PROHIBITED USES AND PRACTICES

The following uses and practices, though not necessarily an exhaustive recital of inconsistent uses and practices, are inconsistent with the conservation purpose of this Easement and shall be prohibited upon or within the Property.

1. The impairment of the protected conservation purpose of this Easement, except as otherwise expressly provided herein.
2. The establishment of any nonagricultural, commercial or industrial uses.
3. The construction, placing or erection of any sign or billboards, except for (a) the following signs which shall not exceed twenty-four (24) square inches: (i) a sign, or signs, reasonably necessary for the identification of the Property; (ii) one or two signs used to advertise the sale or lease of the Property; (iii) signs restricting hunting or trespassing; and (iv) directional signs; and (b) temporary signs on the Property for a period of no longer than six (6) months advertising political candidates, election issues or community events, which shall not exceed four (4) feet by eight (8) feet in size.
4. The erection, construction, reconstruction, placement, replacement or maintenance of any improvement, building, fencing, telecommunication transmission equipment or other structure (the "Improvements") on the Property, except that (a) Grantor shall be entitled to reconstruct, replace and maintain any Improvements which are existing at the time of granting of this Easement on the irrigated portion of the Property identified on the map of the Property attached hereto as Exhibit E and incorporated herein by reference (the "Irrigated Area"), provided that such Improvements are consistent with Grantor's ranching operations and with the conservation purpose of this Easement; (b) Grantor shall be entitled to erect, construct, reconstruct, repair, place, replace and maintain, any Improvements located in the portion of the Property identified as the "building envelope" on the map of the Property attached hereto as Exhibit E and incorporated herein by reference (the "Building Envelope"), provided that such Improvements are consistent with Grantor's ranching operations and with the conservation purpose of this Easement and the provisions of Exhibit C hereto related to permitted uses within the Building Envelope; and (c) Grantor shall be entitled to maintain and repair existing fences on the Property, and construct new fences on the Property for purposes of reasonable and customary management of livestock, crops and wildlife; provided, however, that said new fences shall not unduly restrict the movement of wildlife across the Property, except in the area of the Building Envelope.
5. The division, subdivision or de facto subdivision of the Property, whether by physical or legal process, except that a lease of a portion of the Property for agricultural use or residential purposes consistent with the conservation purpose of this easement shall not be prohibited by this paragraph, nor shall a voluntary conveyance to a government or nonprofit entity subject to the conservation purpose of this Grant exclusively for public access purposes be prohibited by this paragraph.

6. The use of motorized vehicles, except by Grantor or others under Grantor's control for agricultural, ranching or attendant residential use of the Property. Any use of motorized vehicles off roadways is prohibited except when necessary for agricultural purposes; provided, that Grantor shall have the right to use and maintain existing pathways and trails and use motorized vehicles on such pathways and trails provided such use is not in excess of the current use of such pathways and trails and does not unduly burden or interfere with the conservation purposes of this easement.

7. The construction or relocation of any roadway, including, without limitation, any bulldozing or grading required in connection therewith; provided, however, that Grantee shall consent to the construction of any roadway that is planned to minimize the impact on the agricultural, open space and natural features of the Property, or is necessary to access permitted structures or their replacements.

8. The dumping or accumulation of trash, hazardous or toxic wastes and materials, ashes, garbage, inoperative vehicles, waste or other unsightly or offensive material on the Property other than farm-related trash and refuse produced or stored in the Building Envelope to the extent consistent with standard farming operations in Douglas County, Nevada and in strict compliance with all applicable federal, state and local laws, statutes, rules, regulations and ordinances. However, this shall not prevent the storage of agricultural products and byproducts on the Property, so long as it is done in accordance with all applicable government laws and regulations. This prohibition does not make Grantee an owner of the Property, nor does it permit Grantee to control any use of the Property by the Grantor which may result in the storage, dumping or disposal of hazardous or toxic materials; provided, however, that Grantee may bring an action to protect the conservation values of the Property, as described in this Easement. (This prohibition does not impose liability on Grantee, nor shall Grantee be construed as having liability as a "responsible party" under CERCLA or similar federal or state statutes).

9. The mining, extraction, severance or removal of any soil, sand, rock, oil, natural gas, fuel or any other mineral substance or natural resource found or located on, above or under the Property or otherwise permit any similar activity on the Property which will or may destroy the natural and scenic characteristics of the Property or the agricultural productivity of the Property not including the moving or removal of soil, sand and/or rock from the Property or within the Property in connection with Grantor's standard farming operations or for landscaping purposes related to the structures within the Building Envelope provided that such moving or removal does not unduly interfere with the conservation purpose of this Easement.

10. The cutting, uprooting or removal of any trees or other natural growth located on the Property, except as may be required for fire prevention, maintenance of foot trails, fire lanes, farm roads, other access, existing power lines and such other uses as may be conducted by Grantor in connection with agricultural operation, elimination of deceased growth or insects or heating of on site facilities or other domestic uses; provided, that in no event shall Grantor be permitted to remove any trees or natural growth which is located in any riparian corridor on the Property.

11. The use of any dynamite or other explosives on the Property, except if required in connection with any permitted uses of the Property.

12. The damming, diverting or other interference of any natural water flow on, under or through the Property and the filling of any portion of the Property with any substance, including any exchange, replacement or removal of any soils or other substances from the Property except in connection with Grantor's standard farming and ranching operations and except for the diversion of natural water flow through the Property in connection with the irrigation of Grantor's fields and/or established diversions of natural water flow for agricultural purposes on neighboring properties or for irrigation or landscaping purposes related to the structures within the Building Envelope as provided for on Exhibit C.

13. The use of the Property as a ball field or other recreational field, golf course, golf links or driving range, shooting range, commercial lodging facility or guest ranch, commercial equestrian facility or commercial stock yard.

14. Conversion of native vegetation to exotic cover species and the introduction of non-native plant or animal species are prohibited; provided, however, that livestock grazing is permitted as described in Exhibit C, and farming, plowing and other types of cultivation are also permitted as described in Exhibit C in areas of the Property that have been historically cultivated, and further, conversion of native vegetation to exotic cover species and the introduction of non-native plant or animal species for gardening and for personal use and residential landscaping are permitted within the Building Envelope.

**Exhibit C to Grant of
Easement for Conservation Purposes**

PERMITTED USES AND PRACTICES

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are permitted under this Agreement, and they are not to be precluded, prevented or limited by this Agreement, provided that they are undertaken in accordance with the terms and provisions of this Agreement and in compliance with all applicable federal, state and local laws, statutes, rules, regulations and ordinances and that all applicable governmental approvals and permits are properly obtained.

1. To reside on the Property consistent with the conservation purpose of this Easement.
2. To maintain and repair existing Improvements located on the Irrigated Area, and construct, maintain and repair existing and new Improvements located in the Building Envelope, as permitted pursuant to Item 4 on Exhibit B and Item 6 of this Exhibit C to this Grant.
3. To develop and maintain such water resources on the Property, including without limitation wastewater storage and pond storage facilities, as are necessary or convenient for agricultural and residential uses in a manner consistent with the conservation purpose of this Easement and other permitted uses of the Property and in strict compliance with all applicable federal, state and local laws, statutes, rules, regulations and ordinances.
4. To undertake conservation practices that promote soil stabilization and reduce erosion in accordance with sound, generally accepted practices and in accordance with the most recent Conservation Plan approved for the Property.
5. To engage in any and all agricultural uses of the Property, as described below and in Exhibit B, and in accordance with sound, generally accepted agricultural and soil conservation practices and in accordance with the most recent Conservation Plan approved for the Property. For purposes of this Grant, "agricultural uses" shall be defined as follows: breeding, raising, pasturing and grazing livestock of every nature and description for the production of food and fiber; breeding and raising bees, fish, poultry and other fowl; planting, raising, harvesting and producing agricultural, aquacultural, processing, storage and sale, including direct retail sale to the public of crops and products harvested and produced principally on the Property; provided, that the processing, storage and sale of any such crops or products that are not food, fiber or plant material shall require the prior approval of Grantee; provided, further, that such agricultural uses shall not result in significant soil degradation or significant pollution or degradation of any surface or subsurface waters.
6. Notwithstanding any other provision of this Exhibit C or this Grant and any Exhibit to this Grant, the following provisions shall apply to and define the permitted uses of the Property with respect to the Building Envelope as set forth on Exhibit E.

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a. Permitted Building Within the Lower Building Envelope. Grantor shall have the right to build, rebuild, construct and modify structures within the Lower Building Envelope (as identified on Exhibit E) as provided for in and limited by this Item 6.a.

1. In the event the Mobile Home located on the Property is removed, Grantor shall have the right to build a structure of substantially equivalent size within the Lower Building Envelope for use as a storage facility or as a residence / guest house.
2. Grantor shall have the right to make additions to or remove and reconstruct the Farm House and the Bunk House located on the Lower Building Envelope with one or more structures, not to exceed three, whose collective footprint shall not exceed Seven Thousand (7,000) square feet. In addition, Grantor may construct one or more structures as garages and storage facilities related to above structures provided the total footprint for such separate structures shall not exceed Two Thousand (2,000) square feet.
3. Grantor may build one or more workshop/storage facilities in whose collective foot print shall not to exceed Seven Thousand (7,000) square feet.
4. Grantor may build or rebuild the corral in the same or in any other location within the Lower Building Envelope.
5. The Grantor may build, rebuild, modify, expand and otherwise improve the structures in the main residential area of the property in any way or manner.

Further, Grantor may operate a small scale "Bed and Breakfast" type facility within the lower building envelope. Such operation may not exceed five (5) guest rooms and must be operated in a structure existing at the time such Bed and Breakfast operations are undertaken and not in a structure whose design and construction was undertaken solely for use as a Bed and Breakfast although an existing structure may be modified internally to make it suitable for such use. This paragraph is not intended to authorize the use of the subject property or any structure thereon for commercial purposes but rather is intended to encourage and permit Grantor to obtain maximum benefit from the structures located on the subject property and discourage the wasting of the subject property or structures located thereon.

All rights retained by Grantor under this paragraph 6.a. shall be exercised in a manner that does not unduly burden or interfere with the conservation purpose of this Easement and in strict compliance with all applicable federal, state and local laws, statutes, rules, regulations and ordinances.

b. Permitted Building within Upper Building Envelope. William T. Sturgis, Judy P. Sturgis and the issue of William T. Sturgis, Judy P. Sturgis, and only these individuals or trusts or other entities owning the subject property for their benefit, shall have the right to build,

rebuild, construct and modify structures within the Upper Building Envelope (as identified on Exhibit E) as provided for in this Item 6.b. The individuals named above shall have the right to construct a single-family residence located within the Upper Building Envelope whose footprint shall not exceed Seven Thousand Five Hundred (7,500) square feet and whose total living area (exclusive of garages and other storage structures) shall not exceed Seven Thousand Five Hundred (7,500) square feet. The total area for garages and storage facilities related to this structure shall not exceed Two Thousand (2,000) square feet.

All rights retained by Grantor under this paragraph 6.b. shall be exercised in a manner that does not unduly burden or interfere with the conservation purpose of this Easement and in strict compliance with all applicable federal, state and local laws, statutes, rules, regulations and ordinances.

c. Landscaping Within the Building Envelopes. Grantor shall have the unrestricted right to landscape the areas within the Upper and Lower Building Envelopes in any way that does not unduly burden or interfere with the conservation purpose of this Easement, including, but not limited to, movement of dirt, soil and rocks, planting and propagation of non-native plants, construction of ponds, retaining walls, roadways, paths and other natural and artificial structures and features.



**Exhibit D to Grant of
Agricultural Conservation Easement**

PERMITTED LIENS

1. Lien for any deferred taxes which may be levied against said land for puposes other than agricultural as evidenced by CLTA Preliminary Title Report.

COOPY

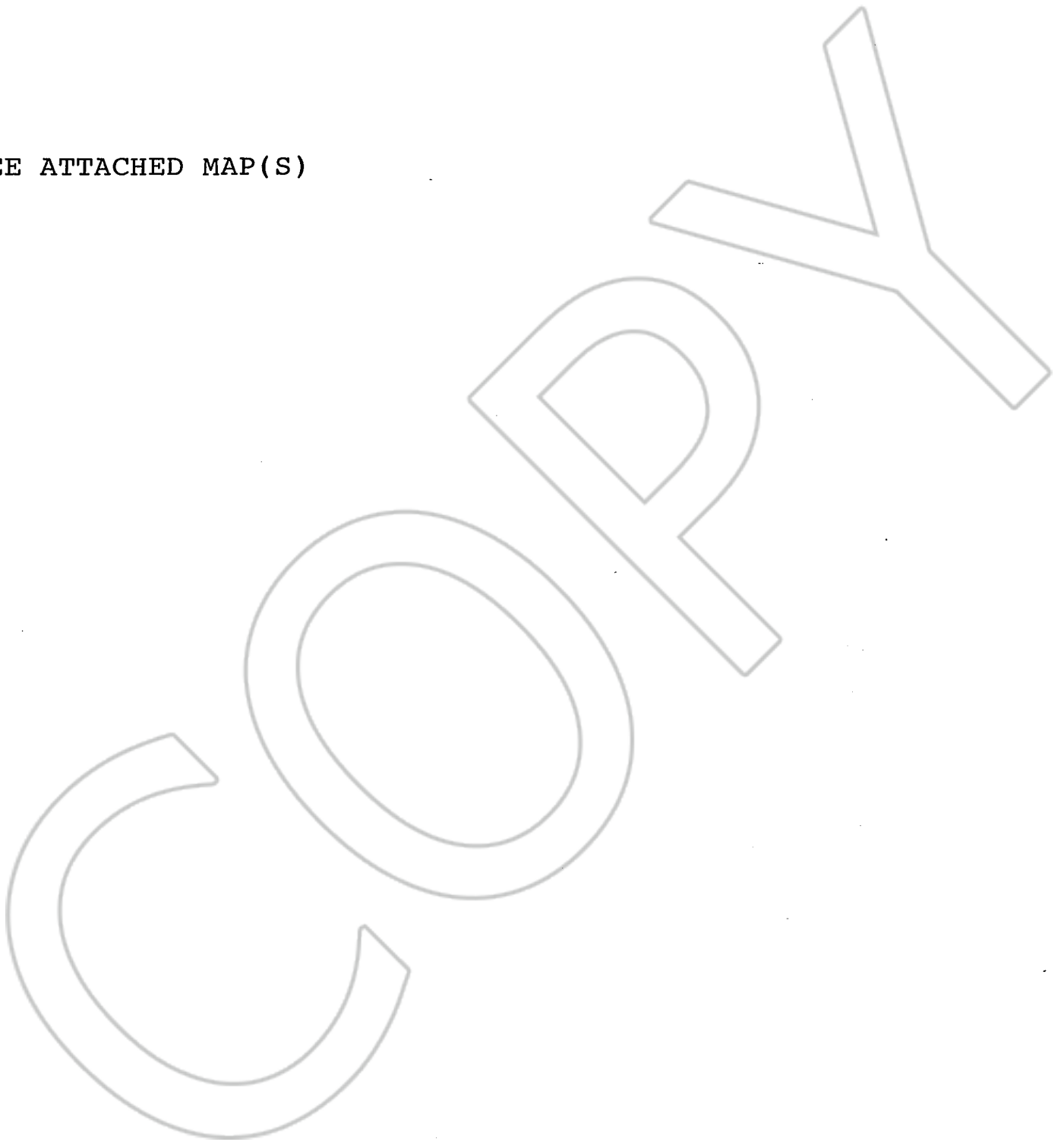
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**Exhibit E to Grant of
Agricultural Conservation Easement**

MAP OF THE PROPERTY

SEE ATTACHED MAP(S)



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E-1



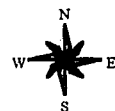
Sturgis Ranch

Sturgis Ranch boundary

 Building envelope boundary

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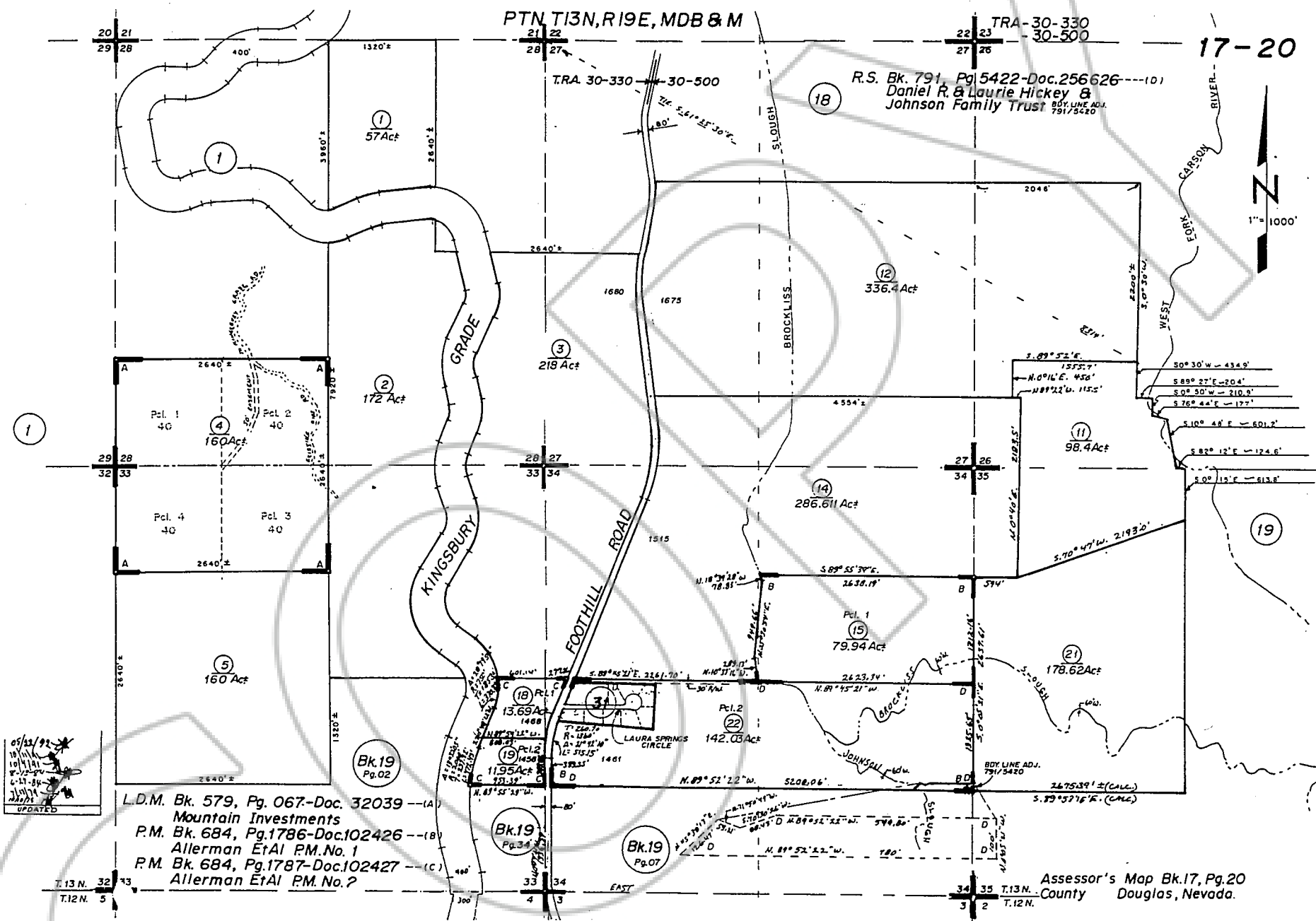


Scale 1:15,000

0 250 500 750 1000 Yards

The Nature Conservancy®
Saving the Last Great Places

NOTE: This Map is prepared for the use of Douglas County Assessor, for Assessment and illustrative purposes only. It does not represent a survey of the Premises. No Liability is assumed as to the sufficiency or accuracy of the Data delineated hereon.



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Exhibit F to Grant of Agricultural Conservation Easement

Acknowledgment of Easement Documentation Report

Grantor and the Conservancy acknowledge that each has read the Prelimin-ary Easement Documentation Report," dated December, 2000, and that the report accurately reflects the condition of the Property subject to the Easement as of the date of conveyance of the Easement.

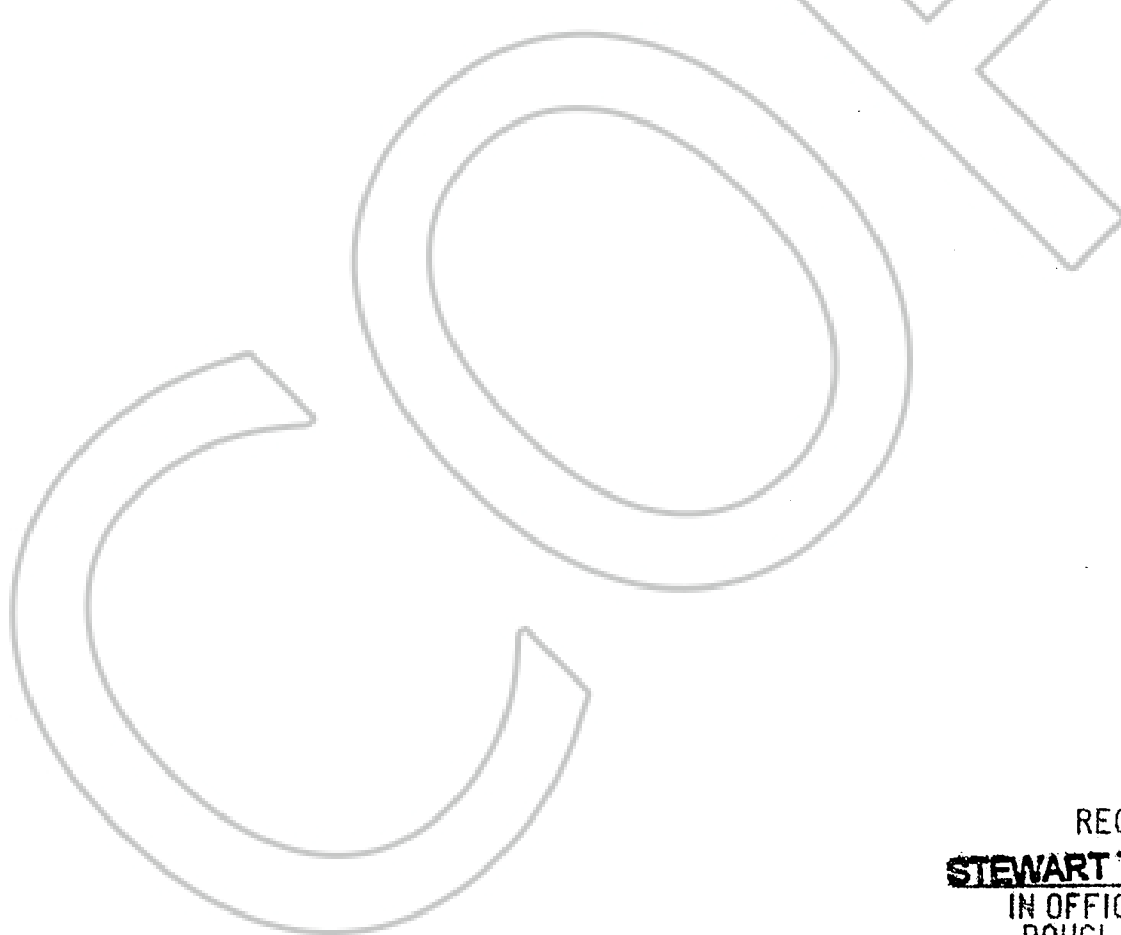
THE NATURE CONSERVANCY,

a District of Columbia
non-profit corporation

By: Tatuel Kamas
Its Assistant Secretary
Date: 12-27-00

William T. Sturgis, as Trustee of The
William Sturgis Trust.

By: William T. Sturgis Trustee
Its TRUSTEE
Date: 12-21-2000



REQUESTED BY
STEWART TITLE of DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2000 DEC 28 PM 4: 05

LINDA SLATER
RECORDER

\$31⁰⁰ PAID KJ DEPUTY

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