

APN: 1219-23-002-010 and 011

WHEN RECORDED MAIL TO:

Janné M. Joy or Jo Hufnagle
USDA-Bureau of Land Management
Carson City District Office
5665 Morgan Mill Road
Carson City, Nevada 89701
(775)885-6000

Douglas County - NV
Karen Ellison - Recorder
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N-82371 (Scossa-Main Ranch)
1000834-A

CONSERVATION EASEMENT DEED

THIS CONSERVATION EASEMENT DEED is made this 9th day of December, 2008, by and between **SCOSSA RANCH, LLC**, hereinafter called "**GRANTOR**," and the **UNITED STATES OF AMERICA**, acting by and through the Bureau of Land Management, Department of Interior, hereinafter called "**GRANTEE**." The terms "Grantor" and "Grantee," wherever used herein, and any pronouns used in place thereof, shall include, respectively, the Grantor and all of that Grantor's successors and assigns, and the Grantee and all of its assigns and successors.

WITNESSETH:

WHEREAS, Grantor is the owner of approximately 375 acres of farmland located in Douglas County, Nevada, more particularly described in Exhibit A, attached hereto and incorporated by this reference, together with agriculturally related improvements located thereon (collectively referred to as the "Property") depicted on the Property Map attached as Exhibit B, incorporated by this reference; and

WHEREAS, the Property is open farmland utilized by the Grantor for livestock grazing and irrigated hay farming. These uses provide agricultural, local and migratory bird habitat and other wildlife habitat, floodplain functions such as groundwater recharge and flood dissipation, wetlands, riparian, and open space and scenic values associated with existing agricultural operations (collectively called "Conservation Values"), which are of great importance to the Grantor, the Grantee, and the people of Nevada and Douglas County, and their protection will yield a significant public benefit. Grantor and the Grantee have the common purpose of protecting the Conservation Values in perpetuity by continuing the existing uses of the Property and preventing the development of the Property for any purpose or in any manner that would conflict with the Conservation Values; and

WHEREAS, Grantor intends that the Conservation Values of the Property be preserved and maintained in perpetuity by the continuation of land uses, including those existing at the time of this grant, that do not significantly impair or interfere with those values; and

WHEREAS, Grantor further intends to convey to the Grantee the right to preserve and protect the Conservation Values of the Property in perpetuity; and

WHEREAS, the Bureau of Land Management (BLM) has the authority to acquire this Conservation Easement pursuant to Section 205 of the Federal Land Policy and Management Act of 1976 as amended (43 U.S.C. §1715; 90 Stat. 2755), and the Southern Nevada Public Land Management Act of 1998 (P.L. 105-263, unclassified in part and classified in part to 16 U.S.C. § 460ccc-1(a)(2) and 31 U.S.C. § 6901 and 6901 note), which provides for the acquisition of interests in "environmentally sensitive land" in the State of Nevada for purposes including the protection of wildlife habitat, riparian, open space, watershed values, and encouragement of biological diversity. Reference is also made to the provisions in Nevada's "Easements for Conservation" statutes at Nevada Revised Statutes (NRS) Sections 111.390 to 111.440, inclusive, which recognize the protection of the natural, scenic or open-space values of real property and the assurance of the availability of real property for agricultural use as among the conservation purposes of the statutes.

NOW THEREFORE, the said Grantor, in consideration of the above, and for and in consideration of SEVEN MILLION ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$7,125,000.00) to the Grantor in hand paid by the Grantee, the receipt and sufficiency of which is hereby acknowledged, pursuant to the laws of the United States of America and the State of Nevada, the Grantor voluntarily does hereby grant and convey in perpetuity, with general warranty of title, unto the Grantee, its successors and assigns in interest, this Conservation Easement in, on, over, and across the Property described in Exhibit A of this instrument, and subject to those items of record contained therein, restricting forever the uses that may be made of the Property and granting the Grantee certain rights in the Property, subject to the terms and conditions set forth in this instrument. Grantor expressly intends that the Conservation Easement runs with the land and that the Conservation Easement shall be binding upon Grantor's representatives, heirs, successors, and assigns. This Conservation Easement is referred to hereinafter as the "Easement."

1. PURPOSE. The purpose of this Easement is to preserve and protect in perpetuity the Conservation Values and to prevent any uses of the Property that would conflict, impair, or interfere with those values, including but not limited to any future residential, non-agricultural commercial, industrial, mining, or other incompatible development or improvement of the Property. In achieving these purposes, it is the intent of the Grantor and Grantee that the Easement fosters the continuation of responsible ranching and agricultural practices to protect the agricultural soils and agricultural viability consistent with the Conservation Values protected herein. Grantor intends that this Easement will confine the uses of the Property to such activities as are consistent with the purposes of this Easement. Pursuant to the terms of NRS 111.390 to 111.440 and this Easement, the Property preserved hereby as natural, agricultural, or open-space lands may not be converted or directed to any uses other than those provided herein.



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2. BASELINE DOCUMENTATION AND CONSERVATION PLAN.

A. **BASELINE DOCUMENTATION.** In order to establish the present condition of the Conservation Values and man-made features of the Property, so as to properly monitor futures uses of the Property and assure compliance with the terms hereof, an inventory of the Property's relevant resources, features, and conditions has been prepared (Baseline Documentation). The parties agree that Exhibit B and the Baseline Documentation Report dated December 9, 2008 contain an accurate representation of the biological and physical condition of the Property at the time of this grant and of the current and historical uses of the Property. This report has been approved in writing by the Grantor and the Grantee, attached as Exhibit C. A copy of the Baseline Documentation is on file with the Grantor and the Grantee at their respective addresses as stated in this instrument. If a controversy arises with respect to the nature and extent of the historical and/or present use of the Property or the physical or biological condition of the Property, Grantor and Grantee agree that the Baseline Documentation shall be presumed to be conclusive evidence of the existing conditions at the time of this grant. Other relevant documents, surveys, or other evidence or information may assist in the resolution of any controversy, provided that such evidence is credible. Grantor and Grantee agree that the current uses of and improvements to the Property described in the Baseline Documentation are consistent with the Conservation Values and conservation purposes of this Easement.

B. **CONSERVATION PLAN.** Grantor agrees to conduct all allowed agricultural and ranching activities on the Property in accordance with the Conservation Plan dated June 13, 2007 developed in consultation with the United States Department of Agriculture Natural Resources Conservation Service (NRCS). Grantor and Grantee each have a copy of the Conservation Plan. Grantor shall update the Conservation Plan at any time Grantor proposes a substantial change in the agricultural operation on the Property and any time ownership of the Property changes. Grantor and Grantee agree that the Grantee shall have the right to review changes to the Conservation Plan in order to ensure consistency with the Conservation Values and the terms and conditions of this Easement. If any inconsistency arises between this Easement and the Conservation Plan, the terms and conditions of this Easement shall prevail, but Grantor and Grantee agree that the existing Conservation Plan is consistent with this Easement. The NRCS, or its successor agency, and the Grantee shall have the right to enter upon the Property, with reasonable advance notice to the Grantor, in order to monitor adequacy of the Conservation Plan and its implementation. Grantor is encouraged to accompany the NRCS and Grantee during these monitoring events.

3. **PERMITTED USES.** Grantor reserves to itself, and to its heirs, successors, and assigns, all rights accruing from its ownership of the Property that are not prohibited herein and are not inconsistent with the purpose of this Easement and will not result in significant injury to or destruction of the Conservation Values, including the right to engage in or permit or invite others to engage in all permitted uses of the Property. The Grantor and the Grantee intend that this Easement shall allow the continued agricultural and ranching uses with natural resource conservation aspects of open space, scenic, plant



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and wildlife habitat, wetland, riparian, and natural floodplain functioning in accordance with the terms and conditions of this Easement, and such other incidental uses as are expressly permitted in this Easement. Grantor's authorization of any third party uses of the Property, by lease or other means as provided, shall be subject to the terms of this Easement, and the Grantor shall continue to be fully responsible for compliance with all terms and conditions of this Easement.

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are permitted under this Easement, and they are not to be precluded, prevented or limited by this Easement; *provided*, that they are undertaken in accordance with the terms and provisions of this Easement 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.

- A. The right to lease the Property or portions of the Property for agricultural or ranching purposes only.
- B. The right to prevent trespass and to control access to the Property by the general public. Grantor shall have discretion in the manner and extent to which this right is exercised.
- C. The right to engage in any and all agricultural and ranching uses of the Property that are consistent with the Conservation Values, as limited by the prohibitions in Section 4, and in accordance with sound generally accepted agricultural and soil conservation practices in a manner that addresses best management practices for soil and water conservation, pest management, nutrient management, and habitat, in accordance with the Conservation Plan addressed in Section 2, above.
- D. The right to apply fertilizers. The right to apply pesticides, herbicides, and other biocides but only for the control of pests and of invasive and noxious plants provided the chemicals are directed to the target organism, non-target impacts are minimal, or as required by Nevada law and in compliance with all manufacturer's instructions, applicable laws, rules, and regulations and conducted in a manner as to minimize adverse effects upon the Conservation Values, natural functions of wetlands, and surface and subsurface water resources. The control of noxious weeds is an obligation of the Grantor.
- E. The right to develop and maintain such water resources on the Property, including wastewater storage and pond storage facilities, as is necessary or convenient for agricultural, ranching, and other uses consistent with the Conservation Values.
- F. The right to repair, reconstruct, and maintain the existing irrigation facilities and access roads needed for agricultural or ranching uses of the Property as shown on Exhibit B. New proposals or changed designs or locations must be approved in advance in writing by the District Manager or such other authorized officer of the BLM as may be designated. Vehicles may be used to travel across the Property for



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agricultural or ranching purposes and emergencies; provided that such travel shall be infrequent enough that vegetation along the travel route retains its essential character, soil is not bared, and erosion is not accelerated beyond natural levels.

G. The right to repair, reconstruct, and maintain the existing ranching related structures within Building Envelope A depicted on Exhibit B, including the construction of a new hay barn, calving shed, and putting roofs on the corrals. These structures are to be used for agricultural, ranching, or Conservation Value purposes only. Other new proposals or changed designs must be approved in advance in writing by the District Manager or such other authorized officer of the BLM as may be designated.

H. The right to right to repair, reconstruct, maintain, and expand the existing hay barn within Building Envelope B depicted on Exhibit B, to be used for agricultural, ranching, or Conservation Value purposes only. And the right to build an equipment storage addition on the east side of the hay barn within the said Building Envelope for the storage of farming, ranching, or Conservation Value related equipment and machinery.

I. The right to repair, reconstruct, maintain, or remove existing fences, gates, corrals, and cattleguards. The right to construct new fences (including wooden backstops to support stacked hay), gates, corrals, and cattleguards on the Property for agricultural, ranching, or other uses consistent with the Conservation Values upon advanced written approval from the District Manager or such other authorized officer of the BLM as may be designated.

J. The right to store agricultural or ranching products and byproducts on the Property, so long as it is done in accordance with all applicable laws and regulations. Any new structures will be located within the Building Envelopes designated on Exhibit B and upon advanced written approval from the District Manager or such other authorized officer of the BLM as may be designated.

K. The right to maintain and repair existing utilities. Improvements or extensions to the existing utilities, or new utility proposals must be approved in advance in writing by the District Manager or such other authorized officer of the BLM as may be designated. Utilities include water, sewer, electric power, fuel, and communication lines which must cross the Property to service the Building Envelopes.

L. The right to engage in and permit others to engage in commercial hunting in compliance with all state and federal laws and regulations and in nature-based commercial recreation, both consistent with the Conservation Values and provided such activities do not involve additional permanent structures on the property and are approved in advance in writing by the District Manager or such other authorized officer of the BLM as may be designated.



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M. The right to engage in and permit others to engage in ecological research on the Property that is consistent with the Conservation Values provided that if the research is more than merely observational that advance written approval is obtained from the District Manager or such other authorized officer of the BLM as may be designated.

N. The right to convey a right of public access for non-motorized use, such as for a system of hiking or bicycling trails, to a government or nonprofit entity consistent with the Conservation Values.

O. The right to make a temporary (not to exceed one year) transfer, lease, or sale of those water rights in excess of those needed on an annual basis, if any, for the agricultural, ranching, or other uses consistent with the Conservation Values of the Property. (Refer to Section 4B for the context regarding limitations on the water rights.)

4. PROHIBITED USES. Any activity on or use of the Property inconsistent with the purpose of this Easement is prohibited. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited:

A. Division, subdivision, or *de facto* subdivision of the Property through sales, long-term leases, or otherwise, for any purpose other than the leases for agriculture or ranching purposes expressly permitted in Clause 3.A. or for public access expressly permitted in Clause 3.N. . Notwithstanding the fact that, as of the date of this instrument, the Property might be comprised of separate legal parcels, the terms and conditions of this Easement shall apply to the Property as a whole, and the Property shall not be sold, transferred, or otherwise conveyed except as a whole, intact, single piece of real estate. All development rights, except as expressly permitted in Section 3, that are now or hereafter allocated to, implied, reserved, or inherent in the Property are terminated and extinguished, and may not be used or transferred to any other property.

B. Permanent transfer, encumbrance, lease, sale or other severance of the water rights associated with the Property (a list of such rights is attached as Exhibit D and incorporated herein by this reference), except as expressly provided in this paragraph. Grantor shall maintain the existing water rights in good status for continued uses consistent with the Conservation Values of this Easement. This covenant not to convey may only be modified or terminated by a court of competent jurisdiction in accordance with principles of law and equity or with the express consent of Grantee. If Grantee so consents to any permanent transfer of water rights, Grantee shall have a first right of refusal or may require conditions such as the substitution of adequate alternative water rights or supply. If Grantee believes at any time that the water rights are in jeopardy due to non-use, Grantee may take action to prevent abandonment or other negative consequences of non-use.

C. Construction, relocation, or placement of structures or improvements not described in Exhibit B, except as expressly provided for in Section 3.



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D. Operation of any nonagricultural, professional, commercial or industrial uses. Specifically and not exhaustively, under no circumstances shall athletic or recreational fields, golf courses or ranges, shooting ranges, airstrips or helicopter pads, motorized vehicle courses, campground or recreational vehicle parks, or any other improvement or activity inconsistent with current or future agricultural production and the Conservation Values be permitted on the Property.

E. The establishment or maintenance of a commercial feedlot. For purposes of this easement, "commercial feedlot" is defined as a permanently constructed confined area or facility within which the land is not grazed or cropped annually, and which is used and maintained for purposes of engaging in the business of the reception and feeding of livestock. Nothing in this section shall prevent Grantor from seasonally confining livestock into an area for feeding or calving.

F. Industrial or factory type agricultural or greenhouse operations which are characterized by structures or significant use of impervious structures except that, if the contemplated agricultural practice requires only temporary placement of impervious material in between rows of crop, Grantor shall obtain advance approval in writing from the District Manager or such other authorized officer of the BLM as may be designated.

G. Manufacturing, industrial, mining or drilling operations. Exploration, development, extraction, severance or removal of soil, sand, gravel, rock, oil, natural gas, fuel, or any other mineral substance or natural resource found or located on, above or under the Property, or any similar activity on the Property that would or might destroy the natural and scenic characteristics of the Property or the agricultural productivity of the Property, are prohibited. However, the moving or removal of soil, sand and/or rock from the Property or within the Property in connection with sound generally accepted agricultural and soil conservation practices may be allowed if consistent with the Conservation Plan and approved in advance in writing by the District Manager, or such other authorized officer of the BLM as may be designated.

H. Grading, excavating, or other permanent changes to the topography of the land except for the cultivation of crops as otherwise expressly permitted in this Easement. Manipulation or alteration, including the diminution, drainage, or rip-rapping of any natural water course, wetland, stream or river bank, riparian area, shoreline or body of water on the Property, is prohibited unless approved in advance in writing by the District Manager, or such other authorized officer of the BLM as may be designated, for the enhancement of the conservation purpose of this Easement. The flooding, accretion and deletion, of the Carson River System shall be allowed to function as a natural event.

I. Killing, cutting, uprooting, or removal of vegetation protecting or established to protect channel bank stabilization or which further the Conservation Values.



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J. Allowing the dumping or accumulation of refuse, trash, hazardous or toxic wastes and materials, debris, inoperative vehicles or equipment, or other unsightly or offensive materials other than farm-related equipment or refuse produced or stored within the Building Envelopes, depicted on Exhibit B, to the extent consistent with standard farming operations and in strict compliance with all applicable Federal, state, and local laws, statutes, rules, regulations, and ordinances. Notwithstanding anything in this Easement to the contrary, this prohibition does not make the Grantee an owner of the Property, nor does it permit the Grantee to control any use of the Property which may result in the storage, dumping or disposal of hazardous or toxic materials by the Grantor; provided, however, that the Grantee may bring an action to protect the Conservation Values in accordance with this Easement. This prohibition does not impose liability on the Grantee, nor shall the Grantee be construed as having liability as a "responsible party" under Federal or state statutes.

K. Storage of recreational vehicles and equipment such as motor homes, travel trailers, campers, boats, snowmobiles, all terrain vehicles, etc.

L. The placement of residential trailers, mobile homes, manufactured homes, modular buildings, yurts, or other such semi-permanent structures for dwelling or otherwise on any part of the Property.

M. The placement of towers, antennas, or satellite dishes.

N. Placement of signs, billboards, or advertising devices except for: one property identification sign, a sign to advertise the sale of agricultural products produced on the Property, and one real estate for sale sign, each sign is not to exceed four feet by four feet in area. Such signs must be harmonious in design and color with the surroundings. Signs restricting hunting or trespassing of a smaller one (1) square foot size may be placed on the property. Temporary signs for a period of no longer than six months that advertise political candidates, election issues or community events which shall not exceed two feet by two feet in size may also be placed on the Property. The sign described in Section 6.E. is permitted. All other signs are prohibited unless approved in advance in writing by the District Manager or such other authorized officer of the BLM as may be designated.

O. Disposal or unlawful storage of hazardous substances as defined by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USC 9601 *et seq.*

5. 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 hereunder, 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



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Grantee that there are no changed circumstances justifying the modification, 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 modification, termination or extinguishment. Provided that nothing in this paragraph shall prevent the Grantor or Grantee from acquiring through purchase or exchange rights conveyed or reserved under this Easement.

6. RIGHTS OF GRANTEE. In accordance with Grantee's Remedies in Section 8, below, to accomplish the purposes of this Easement, the rights and interests that are granted and conveyed to the Grantee by this Easement include, but are not limited to, the following:

A. Preserve and Protect. The Grantee may in perpetuity preserve, protect, identify, monitor, restore or enforce the restoration of the Conservation Values of the Property; and

B. Entry and Access. Representatives and agents of the Grantee may make entry upon the Property at reasonable times in order to monitor Grantor's compliance with and otherwise enforce the terms of this Easement; provided that such entry shall be upon prior reasonable notice to Grantor and the Grantee shall not unreasonably interfere with Grantor's use and quiet enjoyment of the Property, except in cases in which the Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation or threatened violation of the Easement. No right of access by the general public to any portion of the Property is conveyed by this Easement; however, the Grantor may convey rights of public access in the future; and

C. Designated Representatives. With the consent of the Grantor, the Grantee may designate another entity to perform the monitoring required in the terms of this Easement, such entity may be another government agency, land trust, conservation district, or conservation organization with the appropriate expertise in management of conservation easements consistent with the terms and conditions of this Easement; and

D. Enforcement. The Grantee may prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement, and to require and enforce the restoration of such areas or features of the Property that may be impaired, interfered with, or damaged by any inconsistent activity or use; and

E. Sign. The Grantee and Grantor shall have the right, but not the obligation, to erect one sign indicating that the property is subject to a conservation easement. If erected, the sign shall state the easement does not grant the public a right of access or entry to the property. The sign shall be of a mutually approved design not exceeding four feet by four feet in size and shall be placed in a mutually approved location.



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7. PRIOR NOTICE AND APPROVAL

A. Prior Notice. Where required in this Easement, the Grantee has the right to require the Grantor to submit proposals for advanced approval by the District Manager or such other authorized officer of the BLM as may be designated. This is to afford the Grantee an opportunity to ensure that the activities in question are designed and carried out in a manner consistent with the purposes of the Easement. Grantor shall not undertake or permit any activity requiring prior approval by the Grantee without first having notified and received approval from the Grantee as provided herein. Whenever notice is required, Grantor shall notify the Grantee in writing not less than forty-five (45) days prior to the date the Grantor intends to undertake the activity in question. The notice shall describe all aspects of the proposed activity, including the location, design, materials or equipment to be used, dates and duration, and any other relevant information regarding the proposed activity in sufficient detail to permit the Grantee to make an informed judgment as to its consistency with the purpose of the Easement.

B. Grantee's Approval. Where the Grantee's approval is required, the Grantee shall grant or withhold its approval in writing within forty-five (45) days of receipt of Grantor's written request for approval providing adequate information to evaluate the proposed activity. The Grantee's approval may be withheld only upon a reasonable determination by the Grantee that the action as proposed would be inconsistent with the purpose of this Easement or if additional information is necessary to evaluate the proposed action. If, in the opinion of the Grantee, it is possible that the proposed activity can be modified to be consistent with this Easement, the Grantee shall inform the Grantor of the manner in which the proposed activity may thereafter be conducted.

C. Contact Information. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other shall be in writing and delivered: (1) personally; (2) sent by certified mail, return receipt requested, postage prepaid; or (3) sent by next-business-day delivery where receipt is provided. Notices shall be addressed as follows:

To Grantor: Scossa Ranch, LLC
Russell E. Scossa, Manager
580 Foothill Road
Gardnerville, Nevada 89460

To Grantee: USDI-Bureau of Land Management
Carson City District Office
5665 Morgan Mill Road
Carson City, Nevada 89701

or to such other address as either party from time to time shall designate by written notice to the other.



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8. GRANTEE'S REMEDIES. If a dispute arises between the parties concerning the consistency of any proposed use or activity with the purpose of this Easement, the parties shall meet together to discuss the dispute and attempt resolution. In evaluating whether a particular use of the Property conflicts, impairs or interferes with the Conservation Values, both the magnitude and duration of actual and expected effects on the Conservation Values will be taken into account. The prohibited uses of the Property set forth in Section 4 are in conflict with the Conservation Values of this Easement. In the event that the Grantee and the Grantor cannot resolve any dispute hereunder, the provisions of this Easement are enforceable by the Grantee, its successors or assigns, through all remedies available at law or in equity.

A. Notice of Violation. If the Grantee determines that a violation of the terms of this easement has occurred or that a violation is threatened, the Grantee shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation. If Grantor fails to cure the violation within the timeframe specified by the Grantee, after receipt of notice thereof from the Grantee, or fails to continue diligently to cure such violation until finally cured, Grantee may seek injunctive relief as set forth herein.

B. Injunctive Relief. Where irreparable harm may occur, the Grantee, in the sole judgment of the Grantee, may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, *ex parte* as necessary, by temporary or permanent injunction, and to require the restoration of the Property to the condition that existed prior to any such injury.

C. Damages. Grantee shall be entitled to recover any damages to which it may be entitled for violation of the terms of this Easement or injury to any Conservation Values protected by this Easement, including, without limitation, damages for the loss of scenic, aesthetic, or environmental values. Without limiting Grantor's liability therefore, Grantee, in its sole discretion, may apply any damages recovered to the cost of undertaking any corrective action on the Property.

D. Emergency Enforcement. If the Grantee, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Property or to prevent a material breach or extinguishment of the Easement, the Grantee may pursue its remedies under this section without prior notice to Grantor or without waiting for the period provided for cure to expire.

E. Scope of Relief. Grantee's rights under this section apply equally in the event of either actual or threatened violations of the terms of this Easement. The parties agree that Grantee's remedies at law for any violation of the terms of this Easement may be inadequate and that Grantee shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy



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of otherwise available legal remedies. Grantee's remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

F. Costs of Enforcement. In any action, suit or other proceeding undertaken to enforce the provisions of this Easement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs and expenses including attorneys' and experts' fees as allowed by law, and if such prevailing party recovers judgment in any action or proceeding, such costs and expenses shall be included as part of the judgment. In addition, in the event the Grantee prevails in any such action that results in an order directing the Grantor to undertake restoration, then Grantor shall bear all costs thereof.

G. Grantee's Discretion. Enforcement of the terms of this Easement shall be at the discretion of the Grantee, and any forbearance by the Grantee to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantor shall not be deemed or construed to be a waiver by the Grantee of such term or of any subsequent breach of the same or any other term of this Easement or of any of the Grantee's rights under this Easement. 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. The failure of Grantee to discover a violation or to take immediate legal action shall not be deemed or construed to be a waiver of the Grantee's rights nor bar Grantee from taking such action at a later time.

H. Waiver of Certain Defenses. Grantor acknowledges that it has carefully reviewed the Easement. In full knowledge of the provisions of this Easement, Grantor hereby waives any claim or defenses it may have against Grantee or its successor in interest under or pertaining to the Easement based upon waiver, laches, estoppel, adverse possession, or prescription.

I. Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle the Grantee to bring any action against Grantor for any injury to or change in the Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, and natural earth movement, or from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes; provided, that Grantor shall notify the Grantee of such change in the Property and any emergency actions taken by the Grantor.

9. COSTS, LIABILITIES, AND INDEMNIFICATION

A. Costs Incident of Ownership. 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, including the maintenance of adequate comprehensive general liability insurance coverage. Grantee shall have no obligation for the upkeep or maintenance of the Property. Grantor shall keep the Property free of any liens



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arising out of any work performed for, materials furnished to, or obligations incurred by Grantor; provided, that nothing in this section shall prohibit Grantor from recording a deed of trust against the Property to secure Grantor's indebtedness as long as such deed of trust shall remain subordinate to this Easement.

B. 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 a result of, this Easement, and shall furnish the Grantee with satisfactory evidence of payment upon request. Grantee shall have no obligation to pay any taxes levied on or assessed against the Property.

C. Indemnification. Grantor shall hold harmless, indemnify, and defend the Grantee and its officers, employees, agents, and contractors, its successors and assigns of each of them (collectively "Indemnified Parties") from and against all liabilities, penalties, fines, costs, losses, damages, expenses, causes of action, claims, demands, or judgments of any kind or nature arising from the past, present, and future acts or omissions of the Grantor or its employees, agents, contractors, or lessees (collectively "Grantor et al."), including, without limitation, reasonable attorney and expert fees, arising from or in any way connected with Grantor et al.'s use, occupancy, or operations on the Property which has already resulted or does hereafter result in: (1) violations of federal, state, and local laws and regulations that are now or may in the future become, applicable to the Property; (2) judgments, claims or demands of any kind against the Indemnified Parties unless due solely to the willful misconduct of any of the Indemnified Parties; (3) costs, expenses, or damages of any kind against the Indemnified Parties unless due solely to the willful misconduct of any of the Indemnified Parties; (4) 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; (5) the breach by Grantor et al. of any of its obligations set forth in this Easement; (6) the existence or administration of this Easement; and (7) the existence or release or threatened release off, on, into, or under the Property of any solid or hazardous waste(s), substance or other contaminants as they are now and may hereafter be defined under any local, state and federal statute, law or regulation; (8) activities by which solid waste or hazardous substances or waste, as defined by federal or state laws are generated, released, stored, used or otherwise disposed of on the Property, and any cleanup response, remedial action or other actions related in any manner to said solid or hazardous substances or wastes; or (9) natural resource damages as defined by federal or state law. Grantor's obligations under this section shall not apply with respect to any such hazardous waste, substance or other contaminants released on the Property by Grantee or Grantee's representatives or agents.

10. SUBSEQUENT INTERESTS IN TITLE. This Easement is an interest in real property and runs with the land in perpetuity. Grantor may transfer the Property or the remaining rights in the Property subject to the terms and conditions of this Easement.



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Grantor agrees to incorporate the terms and conditions of this Easement in any deed or other legal instrument by which it divests itself of any remaining interests or a right of use in all or a portion of the Property, including, without limitation, a mortgage or a leasehold interest or permit, and to attach a copy of this Easement to any such instrument. Grantor further agrees to give written notice to the Grantee of the transfer of any remaining rights or interests to 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 Easement or limit its enforceability in any way. Any successor in interest of the Grantor, by acceptance of a deed, lease, or other document purporting to convey any remaining interest in all or any portion of the Property, shall be deemed to have consented to, reaffirmed, and agreed to be bound by all of the terms, covenants, restrictions, and conditions of this Easement.

If the Grantee assigns its interest under this Easement, Grantee shall provide Grantor written notice of such intention and shall allow Grantor to comment and suggest an appropriate assignee. Assignment must be to an entity qualified to hold a conservation easement under NRS Section 111.410.

11. GENERAL PROVISIONS.

A. Controlling Law. The interpretation and performance of this Easement shall be governed by the laws of the United States of America and the State of Nevada.

B. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of protecting the Conservation Values and the purposes of this Easement. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

C. Severability. If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions and purposes of this Easement, and/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.

D. Entire Agreement. This instrument sets forth the entire agreement of 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.

E. No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

F. Joint Obligation. The obligations imposed by this Easement upon Grantor shall be joint and several.



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G. Successors. The covenants, terms, conditions, and restrictions of this Easement 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. The terms "Grantor" and "Grantee," wherever used herein, and any pronouns used in place thereof, shall include, respectively, the Grantor and all of that Grantor's successors and assigns, and the Grantee and all of its assigns and successors.

H. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

I. Captions. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon construction or interpretation.

J. Perpetual Duration. This Easement shall constitute a covenant and servitude running with the land in perpetuity. Every provision of this Easement 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.

12. EXHIBITS. The following exhibits are attached to and incorporated into this Easement:

Exhibit A: Legal Description of the Property and Acceptable Encumbrances
Exhibit B: Property Map
Exhibit C: Acknowledgement of the Baseline Documentation
Exhibit D: Water Rights

TO HAVE AND TO HOLD unto the Grantee, its successors, and assigns forever.

IN WITNESS WHEREOF, Grantor has hereunto subscribed its name on the day and year first above written.

SCOSSA RANCH, LLC

Russell E. Scossa Manager
RUSSELL E. SCOSSA, MANAGER



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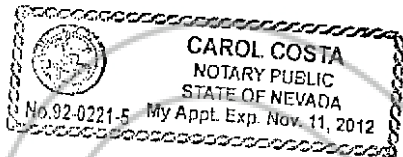
ACKNOWLEDGEMENT

STATE OF Nevada)
COUNTY OF Carson City) ss

On this 9th day of December, 2008, before me Carol Costa, a Notary Public in and for Carson City County, State of Nevada, personally appeared RUSSELL E. SCOSSA, Manager, and known to me (or satisfactorily proved to me on the oath of _____, a competent and creditable witness for that purpose by me duly sworn), to be the person described in and who executed the foregoing instrument and who duly acknowledged to me that he executed the same feely and voluntarily and for the uses and purposes therein mentioned.

Carol Costa
Notary Public for the State of Nevada
Residing in: Wauglas City

My Commission Expires: 11-11-2012



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EXHIBIT A

EXHIBIT A

LEGAL DESCRIPTION

(Scossa Main Ranch Conservation Easement: Assessors Parcel Nos. 1219-23-002-010 & 1219-23-002-011)

All that certain lot, piece, or parcel of land situate in a portion of Sections 23, 24 and 26, Township 12 North, Range 19 East, M.D.B.&M., Douglas County, Nevada, more accurately described as follows:

Commencing at the west one-quarter corner of Section 23, Township 12 North, Range 19 East; thence S. 33°38'10" E., 3735.53 feet, at latitude 38°52'48.6" N. and longitude 119°49'05.3" W., to the southwest corner of subject property, a 5/8 in. diam. rebar with yellow plastic cap marked 921, at a fence corner on the easterly right of way line of Foothill Road, and the true **POINT OF BEGINNING**; thence along a fence line N. 71°02'00" E., 5521.39 feet; thence along a fence line N. 18°22'21" W., 955.56 feet to a fence corner; thence along a fence line N. 71°00'28" E., 2657.64 feet to a fence corner; thence N. 15°57'58" W., 890.83 feet to a fence line; thence S. 87°15'00" W., 1321.32 feet to a fence corner; thence S. 74°32'46" W., 3431.60 feet; thence along a fence line S. 74°28'46" W., 1167.25 feet; thence along a fence line S. 74°23'46" W., 784.36 feet; thence along a fence line S. 75°00'33" W., 624.25 feet to the easterly right of way line of Foothill Road; thence southerly along the easterly right of way line of Foothill Road, to the **POINT OF BEGINNING**.

EXCLUDING a parcel of land lying in a portion of the S½NE¼ of Section 24, Township 12 North, Range 19 East, M.D.B. & M., Douglas County, Nevada, more accurately described as follows:

Beginning at the northeast corner of said parcel from which the west one-quarter corner of Section 23 bears S. 81°56'07" W., 9351.37 feet; thence S. 15°57'58" E., 45.82 feet, to a fence corner of the Scossa/Dressler properties, thence along a fence line N. 53°57'50" W., 71.20 feet, to a fence corner; thence N. 87°15'00" E., 45.03 feet, to the Point of Beginning.

Reference is made to the legal description in the instrument recorded April 3, 2007, as Document No. 0698435, in Book 0407, Page 624, and the instrument recorded January 3, 1951, in Book Z of Deeds, Page 365, of the Official Records of Douglas County, State of Nevada.

This conservation easement encompasses 375.2 acres, more or less, of the 487.0 acres, more or less, Scossa Main Ranch property.



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SUBJECT TO:

An irrigation ditch reserved in the instrument recorded June 1, 1916, in Book P, Page 260, records of Douglas County, Nevada.

COPY



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SCOSSA MAIN RANCH CONSERVATION EASEMENT
Portion of Sections 23, 24, and 26, T. 12 N., R. 19 E., MDB&M, Nevada
(APN's 1219-23-002-010 & 1219-23-002-011)

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EXHIBIT "B"



Aerial photography from National Agriculture Imagery Program (NAIP), U.S. Department of Agriculture, date August 30, 2006

SCALE: 1:10,000



Legend:

- Conservation Easement Boundary:
- Access Easement from Green Acres Subdivision:
- Building Envelopes A & B:
- Water Well:
- Foothill Road (State Route 206):
- Section Line:

WARNING STATEMENT: Exhibit "B" was created through GIS without the benefit of survey, and should only be used as a graphic display of possible boundary locations.



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EXHIBIT B, Page 2

**BUILDING ENVELOPES A & B
(Scossa Main Ranch Conservation Easement)**

All that certain lot, piece, or parcel of land situate in the southeast $\frac{1}{4}$ of Section 23, and all that certain lot, piece, or parcel of land situate in the southwest $\frac{1}{4}$ of section 24, Township 12 North, Range 19 East, M.D.B.&M., Douglas County, Nevada, as shown on BLM Exhibit "B" titled Scossa Main Ranch Conservation Easement, more accurately described as follows:

Building Envelope A:

BEGINNING at the southeast corner of Building Envelope A, Latitude $38^{\circ} 53' 09.2''$ N. and Longitude $119^{\circ} 48' 59.8''$ W., (NAD83), a metal fence corner with fences bearing northerly and westerly; thence northerly along the fence line 174.0 feet, to a metal fence corner with fences bearing southerly and westerly; thence northerly on an extension of the fence from the south across open land, 295.0 feet, to a fence line with fences bearing easterly and westerly; thence westerly along the fence line 48.0 feet, to a metal fence corner with fences bearing northerly, southerly and easterly; thence northerly along the fence line, 70.0 feet; thence WEST, to the easterly right of way line of Foothill Road; thence southerly along the easterly right of way line of Foothill Road, to a point that intersects a line extended westerly along the fence line from the point of beginning; thence easterly along the extended line across open land subsequently along the fence line, to the **POINT OF BEGINNING**.

Containing 2.3 acres, more or less.

Building Envelope B:

BEGINNING at the southeast corner of the envelope, Latitude $38^{\circ} 53' 18.1''$ N. and Longitude $119^{\circ} 48' 21.1''$ W., (NAD83); thence southwesterly 144.0 feet, to the southwest corner of the envelope; thence northwesterly 240.0 feet, to the northwest corner of the envelope; thence northeasterly 144.0 feet, to the northeast corner of the envelope; thence southeasterly 240.0 feet, to the **POINT OF BEGINNING**.

Containing 0.8 acres, more or less.

Total Area of Building Envelopes A & B, 3.1 acres, more or less.



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EXHIBIT C

ACKNOWLEDGEMENT OF THE BASELINE DOCUMENTATION

Grantor and Grantee acknowledge that each has been provided a copy and has read the Baseline Documentation Report dated December 9, 2008, and that the Report accurately reflects the condition of the Property subject to the Conservation Easement as of the date of this Conservation Easement Deed.

THE GRANTOR:

SCOSSA RANCH, LLC, a Nevada limited liability company

By: *Russell E. Scossa*

Name: RUSSELL E. SCOSSA

Title: Manager

THE GRANTEE:

THE UNITED STATES OF AMERICA
Department of the Interior, Bureau of Land Management

By: *Patrick J. Gubbins*

Name: PATRICK J. GUBBINS

Title: Carson City District Manager



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EXHIBIT D
LIST OF WATER RIGHTS for the
SCOSSA RANCH, LLC - MAIN RANCH CONSERVATION EASEMENT

NV State Engineer's Reference No.	Status	Source	Point of Diversion	Place of Use	Approx. Irrigated Acres
Application No. 609 DCR	Decreed *	Brockless Slough Branch of West Fork Carson River	NW $\frac{1}{4}$ NW $\frac{1}{4}$, sec29, T12N, R20E, MDBM	SE $\frac{1}{4}$ NE $\frac{1}{4}$, sec 23, NE $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, NE $\frac{1}{4}$ SW $\frac{1}{4}$, sec 24, NW $\frac{1}{4}$ SW $\frac{1}{4}$, sec 24, SW $\frac{1}{4}$ NE $\frac{1}{4}$, sec 24, NW $\frac{1}{4}$ SE $\frac{1}{4}$, sec 24, SE $\frac{1}{4}$ NE $\frac{1}{4}$, sec 24, SE $\frac{1}{4}$ NW $\frac{1}{4}$, sec 24, SE $\frac{1}{4}$ SW $\frac{1}{4}$, sec 24, SW $\frac{1}{4}$ NW $\frac{1}{4}$, sec 24, NE $\frac{1}{4}$ SW $\frac{1}{4}$, sec 24, T12N, R20E	6.50 6.0 11.0 23.0 35.50 1.0 3.0 32.0 16.0 20.0 10.0
Application No. 24201 (prior #19086) Certificate No. 6813	Certificate	Underground	SE $\frac{1}{4}$ SW $\frac{1}{4}$, sec23, T12N, R19E, MDBM	SE $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, SW $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, SE $\frac{1}{4}$ SW $\frac{1}{4}$, sec 23, NW $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, NE $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, T12N, R19E,	26.4 37.0 20.80 35.0 40.0
Application No. 24557 Certificate No. 8079	Certificate	Miller Creek	NW $\frac{1}{4}$ NW $\frac{1}{4}$, sec26, T12N, R19E, MDBM	SE $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, SE $\frac{1}{4}$ SW $\frac{1}{4}$, sec 23, SW $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, NE $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, NW $\frac{1}{4}$ SE $\frac{1}{4}$, sec 23, NE $\frac{1}{4}$ NW $\frac{1}{4}$, sec 26, T12N, R19E	26.40 20.80 37.0 40.0 35.0 12.0



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Application No. V06367	Vested	Miller Creek	NW¼NW¼, sec26, T12N, R19E, MDBM	SE¼SW¼, sec 23, SE¼SE¼, sec 23, NE¼SE¼, sec 23, SE¼NE¼, sec 23, SW¼SE¼, sec 23, NW¼SE¼, sec 23, NE¼SW¼, sec 23, ** SW¼NE¼, sec23, SW¼SW¼, sec 24, NW¼SW¼, sec 24 NE¼NW¼, sec 26 ** NW¼NE¼, sec 26, T12N, R20E	20.8 26.4 40.0 10.2 37.0 35.0 14.2 1.0 9.20 5.0 12.0 2.5
Application No. V06368	Vested	Miller Creek	NW¼NW¼, sec 26, T12N, R19E, MDBM	NW¼NW¼, ** sec 26, T12N, R19E	stock water
Application No. V06371	Vested	Other Surface Water Drainage and Waste	T12N, R19E, MDBM	SW¼NE¼, sec 23, SE¼NE¼, sec 23, SE¼SE¼, sec 23 SW¼SE¼, sec 23, NW¼SE¼, sec 23 NE¼SE¼, sec 23, NE¼SW¼, sec 24, NW¼SW¼, sec 24, SW¼SW¼, sec 24, SE¼SW¼, sec 24, SW¼NE¼, sec 24, SE¼NE¼, sec 24, SE¼NW¼, sec 24, SW¼NW¼, sec 24, T12N, R19E, MD	1.0 10.2 27.6 24.4 21.8 40.0 20.0 40.2 13.9 1.8 34.3 2.7 32.5 21.3
Application No. V06372	Vested	Other Surface Water Drainage and Waste	T12N, R19E, MDBM	T12N, R19E	stock water

* see page 107, Final Decree, Civil No. D-183 BRT, The United States of America vs. Alpine Land & Reservoir Company

** includes land not within the Property



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