

Ent 233724 Bk 412 P 472  
Rate \$55.00  
BEAVER COUNTY CORPORATION  
For: SECURITY TITLE CO 9/19/07

## EXTENSION AGREEMENT AND AMENDMENT TO GRAZING LEASE

THIS EXTENSION AGREEMENT AND AMENDMENT TO GRAZING LEASE, referred to herein as "Extension Agreement" is made and entered into by and between the following parties effective as of August 9, 2007:

**CIRCLE FOUR LLC**, a Delaware limited liability company authorized to do business in the State of Utah, of P.O. Box 100, Milford, UT 84751, referred to in this Extension Agreement as "Circle Four;" and

**MICHAEL D. YARDLEY** and **SHERRI YARDLEY**, husband and wife, as joint tenants with rights of survivorship, of P.O. Box 981, Milford, UT 84751, referred to in this Extension Agreement as "Yardley"; and

**CHAD DALTON**, of P.O. Box 981, Milford, UT 84751, referred to in this Extension Agreement as "Dalton"; and

**UL RANCH, INC.**, a Utah corporation, of P.O. Box 128, Minersville, UT 84752, referred to in this Extension Agreement as "UL Ranch."

Circle Four, Michael D. Yardley and Sherri Yardley, Chad Dalton, and UL Ranch are collectively referred to herein as the "parties."

### RECITALS

A. Circle Four, as landlord, entered into a Grazing Lease Agreement commencing November 1, 2005 with Michael D. Yardley and Sherri Yardley, husband and wife, as joint tenants with rights of survivorship, and Chad Dalton as tenants. The parties intend this Extension Agreement to be an amendment to the Grazing Lease Agreement as provided under paragraph 27.6 of the Grazing Lease Agreement.

B. Chad Dalton desires to assign his right, title, and interest in the Grazing Lease Agreement to UL Ranch. Further, UL Ranch desires to receive assignment of all of the right, title, and interests and to assume all of the duties, obligations, and responsibilities of Chad Dalton in the Grazing Lease Agreement, subject to the terms of this Extension Agreement.

C. Michael D. Yardley and Sherri Yardley, husband and wife, as joint tenants with rights of survivorship, and UL Ranch, including guarantee of its performance by Chad Dalton, as their interests may appear, are hereafter collectively referred to as the "Tenants."

D. Circle Four owns various parcels of land, leases land for grazing use from the State of Utah, and holds Bureau of Land Management (hereafter referred to as "BLM") grazing preferences, all of which are identified in the Grazing Lease Agreement as the "Premises." These various parcels of Circle Four land (with appurtenant rights), State of Utah grazing leases, and BLM grazing preferences, all as described in the Grazing Lease Agreement and referred to therein as the

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SECURITY TITLE COMPANY



"Premises," are likewise referred to in this Extension Agreement as the "Premises." The interests in the Premises leased to Tenants under the Grazing Lease Agreement and this Extension Agreement are referred to herein as the "Leased Premises." The parties intend that the lease of the federal grazing preferences and the State of Utah grazing leases under the Grazing Lease Agreement should also be assigned to UL Ranch and that UL Ranch will assume responsibility for the same as part of the Leased Premises.

E. Michael D. Yardley and Sherri Yardley and Chad Dalton have performed substantially as required under the Grazing Lease Agreement and desire to extend the term of the lease as part of their long-term planning. The parties therefore intend by this Extension Agreement to amend the Grazing Lease Agreement to allow assignment of Chad Dalton's interest to UL Ranch and assumption of the duties of Dalton by UL Ranch and to extend the term during which Tenants will continue their nonexclusive use of the Premises solely for cattle grazing and such specifically related activities as may be necessary to use and enjoy the Premises for the sole purpose of cattle grazing, as set out in this Extension Agreement.

F. Circle Four is willing to extend the lease for ten (10) years in addition to the term set out in the Grazing Lease Agreement, for a total lease term of up to twenty (20) years on the terms set out in this Extension Agreement.

G. Yardley and UL Ranch each intend to cooperate as cotenants of the leasehold premise, but each wants a right of first refusal if the other intends to sublease or otherwise assign their respective interests under the Grazing Lease Agreement and this Extension Agreement.

NOW, THEREFORE, for the mutual consideration expressed herein, the parties covenant and agree as follows:

1. CONSENT TO ASSIGNMENT BY CHAD DALTON. Circle Four hereby consents to the assignment of Dalton's interests, rights, and privileges under the Grazing Lease Agreement and this Extension Agreement to UL Ranch, subject to the terms thereof, one of those terms being the personal guarantee of performance from Dalton set out below.

2. AGREEMENT BY UL RANCH TO PERFORM. In consideration of the approval of the assignment of all interests of Dalton under the Grazing Lease Agreement to UL Ranch and other valuable consideration, the sufficiency of which is acknowledged by UL Ranch, UL Ranch hereby assumes and shall perform all of the duties, obligations, and responsibilities of Dalton under the Grazing Lease Agreement and this Extension Agreement.

3. LEASE EXTENDED. The term of the lease granted by Circle Four to Tenants under the Grazing Lease Agreement commencing November 1, 2005 is hereby modified by this Extension Agreement to extend until 11:59 p.m. on April 30, 2025, subject to termination under the terms of the Grazing Lease Agreement and this Extension Agreement. Tenants' use of the Premises during the extended lease period shall be subject to and on the terms set forth in the Grazing Lease Agreement, as modified by this Extension Agreement. During the original lease term and the extended term, Tenants shall have the right to use the Premises solely to graze cattle during the period of each year set out in the Grazing Lease Agreement. Such use shall be (a) solely to allow



Tenants to graze cattle and to conduct any specifically related activities essential to use of the Premises for cattle grazing, (b) to the exclusion of cattle grazing use by any person other than Tenants during the period of each year set out in the Grazing Lease Agreement, and (c) with ownership and all rights to all other uses and all other appurtenances of ownership reserved to Circle Four. Circle Four, as owner of the Premises, reserves all other lawful uses of the Premises for itself and its successors and assigns.

4. RENT AMOUNT, ADJUSTMENT. Tenants shall pay Circle Four the amount of rent set out in the Grazing Lease Agreement during the initial term of the lease, which ends April 30, 2015 (unless the lease is sooner terminated under the terms of the Grazing Lease Agreement). As a condition of and in consideration for the extension of the lease, the rent paid by Tenants for the 11<sup>th</sup> year of the lease and each year thereafter shall be adjusted by an adjustment equal to the increase in the Consumer Price Index – Seasonally Adjusted U.S. City Average For All Items For All Urban Consumers, “CPI-U” of the Bureau of Labor Statistics of the United States Department of Labor (or any successor Department of Labor index), determined as of July 1 of the year in which the adjustment is to be made. The base year for such adjustment shall be the tenth (10<sup>th</sup>) year of the lease.

4.1. Rent shall be paid, whether during the initial term of the lease or during the extension period, on an annual basis, with one-half (1/2) of the rent to be paid on or before November 1 of each year and the remaining one-half (1/2) due on or before February 1 of the following calendar year. Stated in other terms, one-half (1/2) of the rent shall be payable before Tenants move cattle onto the Leased Premises and the balance shall be due and payable three months later. Tenants shall not be entitled to move cattle onto the Leased Premises until the portion of the rent payment due November 1 of each year has been paid.

4.2. The fees for the federal grazing preferences and State of Utah grazing leases payable by Tenants as additional rent shall be paid at least ten (10) days before the due dates set by those respective agencies. If any of these fees are not paid by the date specified, Circle Four may, but is not required, to pay any or all of such fees. If Circle Four pays any portion of such fees, the amount paid by Circle Four shall be reimbursed by Tenants to Circle Four immediately upon demand, together with interest at the annual rate of 18% from the date Circle Four made payment until all amounts paid, together with interest, is reimbursed by Tenants.

5. GUARANTEE OF PERFORMANCE. In consideration of Circle Four’s acceptance of UL Ranch as tenant under the Grazing Lease Agreement and this Extension Agreement, Chad Dalton personally guarantees the prompt, full, and complete performance of any and all present and future duties, obligations, and indebtedness due to Circle Four by UL Ranch under the terms of the Grazing Lease Agreement and this Extension Agreement.

6. GRAZING FEES. In addition to rent paid to Circle Four, Tenants shall pay, throughout the lease extension period, by the due dates, all BLM grazing fees and state land lease fees, together with all costs of maintenance or expenses required by the BLM or the State of Utah, all of which shall be deemed additional rent.

**7. FIRST RIGHT ON ASSIGNMENT OR SUBLEASE BY UL RANCH OR YARDLEY.**

In addition to the assignment or sublease limitations set out in the Grazing Lease Agreement, the following shall apply as between Yardley and UL Ranch:

7.1. UL Ranch may not assign or sublease all or any part or interest in the Grazing Lease Agreement or the Extension Agreement to any person other than Chad Dalton or an entity in which Chad Dalton owns a controlling interest without first offering in writing to assign all of such interests to Michael D. Yardley and Sherri Yardley, as their interests may appear. Such offer shall be such terms as may be agreed upon in writing among UL Ranch and Michael D. Yardley and Sherri Yardley, or, in the absence of such agreement, on the same terms as would be received by UL Ranch under a *bona fide* offer from the third party to whom the lease would be assigned. Michael D. Yardley and Sherri Yardley shall have twenty (20) days after written notice of such an offer to accept or reject the offer. If the offer is rejected, UL Ranch may then assign its interests if assignment is approved by Circle Four under the terms of the Grazing Lease Agreement. If the UL Ranch interest is assigned to any party other than Michael D. Yardley and Sherri Yardley, Circle Four may require as a condition of such assignment that performance of the lease terms be guaranteed by Chad Dalton and UL Ranch.

7.2. Yardley may not assign or sublease all or any part or interest in the Grazing Lease Agreement or the Extension Agreement to any person other than an entity in which Michael D. Yardley and Sherri Yardley own a controlling interest without first offering in writing to assign all of such interests to UL Ranch. Such offer shall be such terms as may be agreed upon in writing among UL Ranch and Michael D. Yardley and Sherri Yardley, or, in the absence of such agreement, on the same terms as would be received by Yardley under a *bona fide* offer from the third party to whom the lease would be assigned. UL Ranch shall have twenty (20) days after written notice of such an offer to accept or reject the offer. If the offer is rejected, Yardley may then assign their interests if assignment is approved by Circle Four under the terms of the Grazing Lease Agreement. If the Yardley interest is assigned to UL Ranch or any other entity in which Dalton owns a controlling interest, Circle Four may require as a condition of such assignment that performance of the lease terms be guaranteed by Chad Dalton and UL Ranch. If the Yardley interest is assigned to any entity other than UL Ranch or any other entity in which Dalton owns a controlling interest, Circle Four may require as a condition of such assignment that performance of the lease terms be guaranteed by Yardley.

8. AMENDMENT TO GRAZING LEASE AGREEMENT. This Extension Agreement shall be considered an amendment to the Grazing Lease Agreement for the purposes set out herein. The two documents shall be considered to be one agreement among the parties, provided that the provisions of this Extension Agreement amend and modify the Grazing Lease Agreement to the extent stated herein. To the extent that this Extension Agreement amends, modifies, or expands on the meaning or interpretation of any provisions of the Grazing Lease Agreement, the terms of this Extension Agreement shall control in any interpretation of the agreement among the parties.

9. RATIFICATION. All terms and conditions contained in the Grazing Lease Agreement that are not explicitly amended or modified by this Extension Agreement are hereby affirmed.

IN WITNESS WHEREOF, the parties have executed this extension agreement as of the day and year written above.

**CIRCLE FOUR**

**CIRCLE FOUR LLC**

Date: 8/9/07

By: *Dwight D. Potter*  
DWIGHT D. POTTER  
AUTHORIZED AGENT

**TENANTS:**

Date: 8/9/07

*Michael D. Yardley*  
MICHAEL D. YARDLEY

Date: 8/9/07

*Sherril Yardley*  
SHERRI YARDLEY

Date: 8/9/07

*Chad Dalton*  
CHAD DALTON

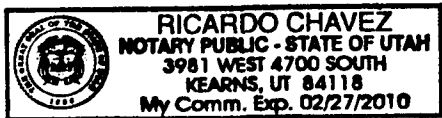
**UL RANCH INC.**

Date: 8/9/07

By: *Chad Dalton*  
CHAD DALTON  
AUTHORIZED AGENT

STATE OF UTAH )  
 : SS.  
COUNTY OF BEAVER )

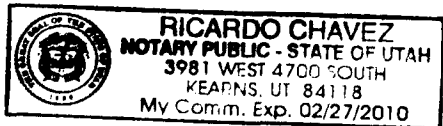
On the 9 day of Aug, 2007 personally appeared before me Dwight D. Potter, who, being by me duly sworn, did say that he, the said Dwight D. Potter is the authorized agent of Circle Four LLC, and that the foregoing instrument was signed on behalf of said limited liability company by authority of a resolution of its members and the said Dwight D. Potter duly acknowledged to me that said limited liability company executed the same.



*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public

STATE OF UTAH )  
 : SS.  
COUNTY OF BEAVER )

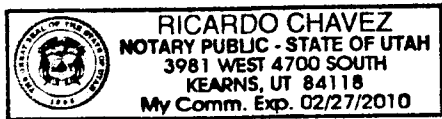
On the 9 day of Aug, 2007 personally appeared before me SHERRI YARDLEY, as a signer of the foregoing instrument, who duly acknowledged to me that she executed the same.



*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public

STATE OF UTAH )  
 : SS.  
COUNTY OF BEAVER )

On the 9 day of Aug, 2007 personally appeared before me MICHAEL D. YARDLEY, as a signer of the foregoing instrument, who duly acknowledged to me that he executed the same.



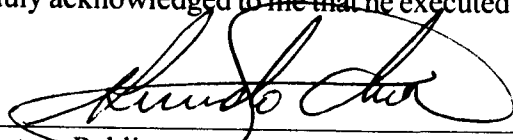
*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public



STATE OF UTAH )  
 : ss.  
COUNTY OF BEAVER )

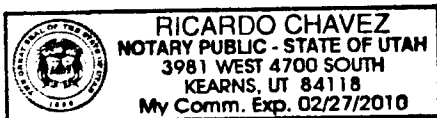
On the 9 day of Aug, 2007 personally appeared before me CHAD DALTON, as signer of the foregoing instrument, who duly acknowledged to me that he executed the same.

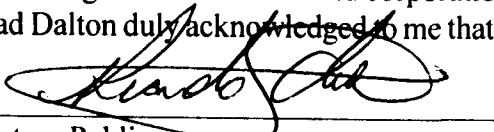


  
Notary Public

STATE OF UTAH )  
 : ss.  
COUNTY OF BEAVER )

On the 9 day of Aug, 2007, personally appeared before me Chad Dalton, who, being by me duly sworn, did say that he, the said Chad Dalton is the authorized agent of UL RANCH INC., and that the foregoing instrument was signed on behalf of said corporation by authority of a resolution of its members and the said Chad Dalton duly acknowledged to me that said corporation executed the same.



  
Notary Public

**EXHIBIT A**  
**to**  
**GRAZING LEASE AGREEMENT**

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Legal Description

The land owned by Circle Four and referred to in the Grazing Lease Agreement and the Grazing Lease Extension as the "Circle Four Land" that constitutes part of the real property referenced in the foregoing instrument as the "Premises" is located in Beaver and Millard Counties, State of Utah, and is more particularly described as follows:

PARCEL 1:

LOTS 3 AND 4; THE EAST HALF OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 2:

ALL OF SECTION 18, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 3:

LOTS 3 AND 4; THE EAST HALF OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 4:

THE EAST HALF AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 30, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 5:

THE NORTH HALF OF SECTION 31, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 6:

THE WEST HALF OF SECTION 13, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 7:

THE SOUTH HALF OF SECTION 14, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 8:

THE EAST HALF OF SECTION 15, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 9:

ALL OF SECTION 23, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 10:

ALL OF SECTION 24, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 11:

ALL OF SECTION 26, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 12:

ALL OF SECTION 27, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 13:

THE EAST HALF OF SECTION 33, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 14:

ALL OF SECTION 34, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 15:

ALL OF SECTION 35, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 16:

LOTS 1, 2, 3 AND 4 AND THE SOUTH HALF OF THE NORTH HALF OF SECTION 2, TOWNSHIP 27 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 17:

THE NORTH HALF OF SECTION 19, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 18:

ALL OF SECTION 11, TOWNSHIP 27 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 19:

LOTS 3 AND 4; THE SOUTHEAST QUARTER AND THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 10, TOWNSHIP 27 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 20:

LOTS 1, 2, 3 AND 7; THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 3, TOWNSHIP 27 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 21:

LOTS 4, 5, 6, 8, 9, 10 AND 11, SECTION 3, TOWNSHIP 27 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 22:

THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 10, TOWNSHIP 26 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 23:

THE WEST HALF OF SECTION 17, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 24:

THE WEST HALF OF SECTION 20, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 25:

THE WEST HALF OF THE WEST HALF; THE EAST HALF OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 26:

LOTS 3 AND 4; THE SOUTH HALF OF THE NORTHWEST QUARTER; THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE

SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 27 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN.

PARCEL 27:

THE SOUTH HALF OF SECTION 31, TOWNSHIP 25, SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN. M

PARCEL 28:

ALL OF SECTION 32, TOWNSHIP 25 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN. M

PARCEL 29:

THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 25 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN. M

PARCEL 30:

THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 25 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN. M

PARCEL 31:

THE NORTH 120.32 ACRES OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN. M

PARCEL 32:

THE SOUTH 35.68 RODS OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 26 SOUTH, RANGE 9 WEST, SALT LAKE BASE AND MERIDIAN. M

PARCEL 33:

THE SOUTH HALF OF THE NORTHWEST QUARTER; THE SOUTH HALF OF THE NORTHEAST QUARTER; THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER; THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THE NORTH HAL OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 28 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN

PARCEL 34:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 28 SOUTH, RANGE 10 WEST, SALT LAKE BASE AND MERIDIAN. M