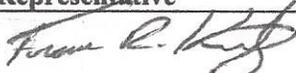
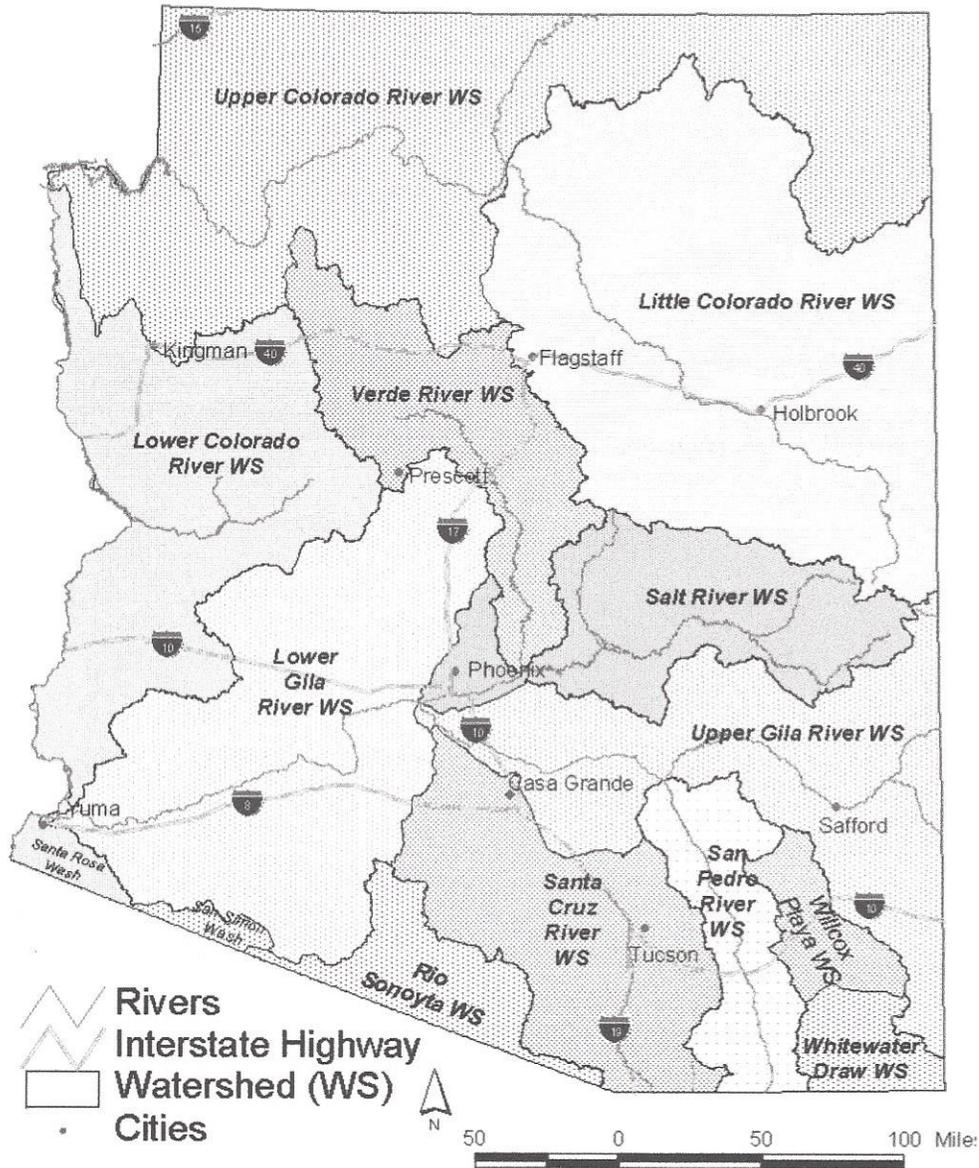


**Arizona Water Protection Fund
Application Cover Page
FY 2019**

Title of Project: Davis Cattle Co. Grassland Restoration											
Type of Project: <input checked="" type="checkbox"/> Capital or Other <input type="checkbox"/> Water Conservation <input type="checkbox"/> Research	Stream Type: <input type="checkbox"/> Perennial <input type="checkbox"/> Intermittent <input checked="" type="checkbox"/> Ephemeral										
Your level of commitment to maintenance of project benefits and capital improvements: <input type="checkbox"/> < 5 years <input checked="" type="checkbox"/> 5-10 years <input type="checkbox"/> 11-15 years <input type="checkbox"/> 16-20 years											
Applicant Information: Name/Organization: Arizona Association of Conservation Districts Address 1: PO Box 50518 Address 2: City: Phoenix State: AZ ZIP Code: 85076 Phone: 480-893-7652 Fax: Tax ID No.: XXXXXXXXXX											
Inside an AMA: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, which AMA: <input type="checkbox"/> Phoenix <input type="checkbox"/> Tucson <input type="checkbox"/> Prescott <input type="checkbox"/> Pinal <input type="checkbox"/> Santa Cruz											
Contact Person: Name: Steve Barker Title: Executive Director Phone: 480-893-7652 Fax: e-mail: Steve.Barker@aacd1944.com											
Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation											
Any Previous AWPf Grants: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, please provide Grant #(s): 17-188											
Arizona Water Protection Fund Grant Amount Requested: \$341,626 If the application is funded, will the Grantee intend to request an advance: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Matching Funds Obtained and Secured: <table border="1"> <thead> <tr> <th><u>Applicant/Agency/Organization:</u></th> <th><u>Amount (\$):</u></th> </tr> </thead> <tbody> <tr> <td>1. Applicant</td> <td>\$10,000</td> </tr> <tr> <td>2. NRCS</td> <td>130,303.00</td> </tr> <tr> <td>3.</td> <td></td> </tr> <tr> <td align="right" colspan="2">Total: 140,303.00</td> </tr> </tbody> </table>	<u>Applicant/Agency/Organization:</u>	<u>Amount (\$):</u>	1. Applicant	\$10,000	2. NRCS	130,303.00	3.		Total: 140,303.00	
<u>Applicant/Agency/Organization:</u>	<u>Amount (\$):</u>										
1. Applicant	\$10,000										
2. NRCS	130,303.00										
3.											
Total: 140,303.00											
Has your legal counsel or contracting authority reviewed and accepted the Grant Award Contract General Provisions? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A											
Signature of the undersigned certifies understanding and compliance with all terms, conditions and specifications in the attached application. Additionally, signature certifies that all information provided by the applicant is true and accurate. The undersigned acknowledges that intentional presentation of any false or fraudulent information, or knowingly concealing a material fact regarding this application is subject to criminal penalties as provided in A.R.S. Title 13. The Arizona Water Protection Fund Commission may approve Grant Awards with modifications to scope items, methodology, schedule, final products and/or budget.											
Frank Krentz	President										
Typed Name of Applicant or Applicant's Authorized Representative	Title and Telephone Number										
	9/4/18										
Signature	Date Signed										

Arizona Watershed Map FY 2019



Title of Project: Davis Cattle Co. Grassland Restoration

Location (include UTM's & Township/Range/Section): Cochise County on boundary of San Pedro River and Whitewater Draw Watersheds. Parts of Sections 28, 29, 31, 32, and 33 in T20S R24E and Parts or all of sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 29, and 30 in T21S R24E
(Location must include at least one Section delineation for large scale projects)

Davis Cattle Co. Grassland Restoration

Executive Summary

This 5346 acre grassland restoration project will restore mesquite invaded grasslands on the headwaters of Government Draw Wash that flows into the San Pedro River, and the headwaters of Gadwell Canyon that flows into Whitewater Draw. The mesquite will be treated using an aerial application of Sendero, Remedy, and Herbimax which has been shown to be a cost-effective treatment to control mesquite in this area. The cost of the treatment is \$84 per acre.

Fred Davis is the Chairman of the Whitewater Draw Natural Resource Conservation District. He continues to demonstrate the benefits of sound conservation on his ranch using a comprehensive approach to watershed restoration. This ranch has already treated just under 5100 acres of shrub invaded grassland using Spike to control whitethorn and creosotebush. The ranch worked with 3 other ranches to implement an Arizona Department of Environmental Quality 319 Grant to install 287 gabions on his ranch, and 973 total rock gabions in the drainages of the 4 ranches to reduce runoff, erosion and sediment on 65,000 acres. The ranch has also worked with NRCS, Arizona Game and Fish, Arizona Department of Agriculture, and BLM to install 10 miles of fence, 5 solar pumping plants, 12 miles of pipeline, 9 storage tanks and 9 water troughs to improve grazing management. The ranch has a conservation plan on file with NRCS, and a Coordinated Resource Management Plan with NRCS and the State Land Department that includes brush management.



Project Overview

Background:

This grassland restoration proposal is part of a larger watershed restoration partnership effort that started in 2010 in southeast Arizona. Over the first 6 years, the Arizona Association of Conservation Districts (AACD) helped to leverage \$2.5 million in BLM Healthy Lands funds with \$1.9 million in NRCS Environmental Quality Incentives Program, \$133,000 in Arizona Game and Fish funding, \$141,000 in Arizona Department of Agriculture grants, and \$496,000 in rancher funds to develop Coordinated Resource Management Plans on 24 ranches, and restore grassland on 50,439 acres. Fencing, water, and other improvements were installed to improve grazing management. Last year 4 ranches completed grassland restoration projects to control mesquite on 7850 acres using NRCS, BLM and rancher funding. Monitoring assistance was provided by the Arizona Association of Conservation Districts and by the UofA Cooperative Extension. This year 4 ranches applied for partnership funding.

Project Goals

The Davis Cattle Co. Grassland Restoration proposal is the highest ranked project proposal evaluated by the local partnership for 2018. This 5345 acre grassland restoration project will restore mesquite invaded grasslands in southeastern Arizona.

Objectives

The mesquite will be treated using an aerial application of Sendero, Remedy, and Herbimax which has been shown to be a cost-effective treatment to control mesquite in this area. The cost of the treatment is \$84 per acre. The planned treatment area includes 2527 acres of private land, and 2818 acres of State Trust lands. Treatment is planned for late May or early June, 2019.

Project Purpose

Most of the proposed project area is in the Whitewater Draw watershed, which includes the Douglas Irrigation Non-Expansion Area that was established by the 1980 Groundwater Management Act. The two slides in Appendix A are from an Arizona Department of Water Resources presentation by Director Michael J. Lacy dated October 15, 2014 titled "Groundwater Conditions in Southeast Arizona". The first slide shows the Douglas Irrigation Non-Expansion area. The irrigated agricultural lands in the Whitewater Draw watershed can be seen in the aerial photo. The 2nd slide shows the groundwater level changes, with the red dots indicating the drop in groundwater depth from 1993 to 2013.

Brush management is done on rangeland to maximize the capture of precipitation on every acre, providing the maximum long term water benefits for the watershed. Controlling invasive woody species increases available soil moisture, which allows perennial grasses and other herbaceous ground cover to become established on the treated areas. The increase in herbaceous ground cover increases precipitation capture by slowing down runoff, allowing more time for water to infiltrate into the soil and the adjacent washes. According to a Department of Water Resource groundwater study (HMS No. 26), ***"Recharge of groundwater in the upper alluvial deposits of the Douglas Basin occurs mainly in washes along the mountain fronts. Very little recharge is attributable to direct rainfall on the valley floor and /or seepage from irrigation (Coates and Cushman, 1955, p. 24, 28-29)"***

This project area is on the headwaters of major washes between the Mule Mountains and Hay Mountain, where precipitation can be effectively captured on the uplands, and in these large washes. Retoring grasslands invaded by woody species reduces peak flows and downstream flooding in the watershed, helping to restore proper hydrological function and channel characteristics. It also reduces soil erosion on the uplands and streambank erosion, improves water quality, and increases the quality and quantity of forage for livestock and wildlife.

The benefits of brush management generally occur over a 2-5 year period following treatment, depending on precipitation. Typically there is a fairly quick initial response in herbaceous cover that includes a lot of annuals. During the next few years, new perennial grasses are able to establish, and put out more seed. Good grazing management during these first few years is important to achieve the maximum benefits from the treatment.

Wildlife Benefits

The Whitewater Draw Wildlife Area is a critical roosting area for sandhill cranes and other waterfowl during the winter. Each year, 20,000 -40,000 cranes roost in the shallow water areas in this wildlife area, and feed on the corn and grain from the surrounding cropland. The area also attracts ducks, geese, heron, egrets, gulls, terns, and other shorebirds. Prairie and peregrine falcons hunt the grasslands in this watershed. Mule deer, javalina, bobcats, and coyotes are other common wildlife species that benefit from restoring healthy rangelands in the area.

Tasks

Task 1: The rancher will obtain a permit from the State Land Department for the treatment of the State Trust lands. The Arizona State Land Department has provided a letter indicating that no cultural resource clearances are needed for the project due to no ground disturbance.

Task 2: Crop Production Services will be contracted to arrange for the airplance, chemicals, and application to ensure that the chemical is applied according to the label. Monitoring done during application includes evaluating air temperature, wind speed, soil temperature, and soil moisture.

Task 3: Vegetation Monitoring will be done before and after treatment.

Monitoring

The treated area will have vegetation monitoring transects established before treatment, and follow-up monitoring will be done 1, 2, 3 and 5 years after treatment. The Conservation Districts, ranchers, and partner agencies in Arizona have a well established and accepted protocol for rangeland monitoring that was developed under the leadership of the Arizona Cooperative Extension. NRCS ecological sites are used to map the planning areas, and identify key areas for inventory and monitoring . Ecological site and soil maps are attached. Inventory methods being used include double sampling or dry-weight rank and comparative yield for evaluating current production and species composition. Photo points, with frequency, dry-weight rank, and point cover are used to monitor changes in plant community composition and ground cover over time.

Detailed Water Protection Fund Budget

\$318,677 is being requested from the Arizona Water Protection Fund for the mesquite spraying, plus \$15,934 (5%) for grant administration.

The following funds are being requested from the Water Protection Fund Grant Program

Item	Costs			
	Unit Cost	Units	Total Cost	WPF Requested
Outside Services: Arial application of chemicals for mesquite control	\$84.00	5345 acres	\$448,980	\$318,677
Grant Administration by AACD at 5%			\$15,934	\$15,934
Total				\$334,611

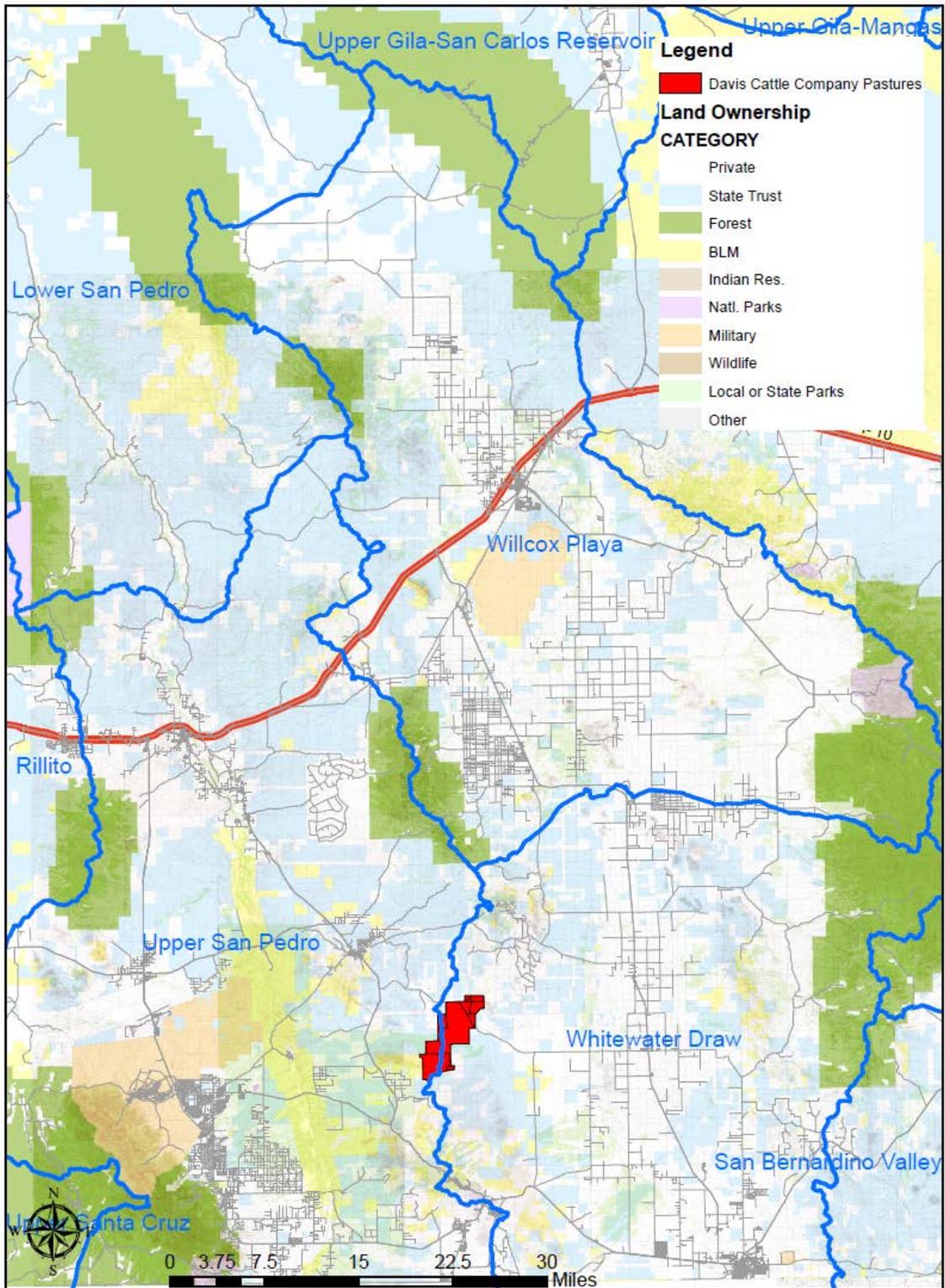
Detailed Matching Funds Budget

This grassland restoration project was recently approved for Environmental Quality Incentives Program (EQIP) funding that will provide \$130,303 of the \$481,929 total estimated cost. Davis Cattle Company and the Arizona Association of Conservation Districts will provide monitoring, and Davis Cattle Co. will provide grazing management of the treated areas over a 5 year period following treatment.

Item	Costs			Planned Funding Source		
	Unit Cost	Units	Total Match	AACD	NRCS EQIP	Davis Cattle Co
Direct Labor: Vegetation monitoring in years 0, 1, 2, 3, 5	\$300 per transect per year	2 transects, 1 time before and 4 times after treatment	\$3,000	\$3000		
Direct Labor: Manage livestock grazing on treated areas to maximize treatment benefits for at least 5 years	\$0.33 per acre per year	5345 acres for 5 years	\$7,000			\$7,000
Outside Services: Arial application of chemicals for mesquite control	\$84.00	5345 acres	\$130,303		\$130,303	
Total			\$140,303			

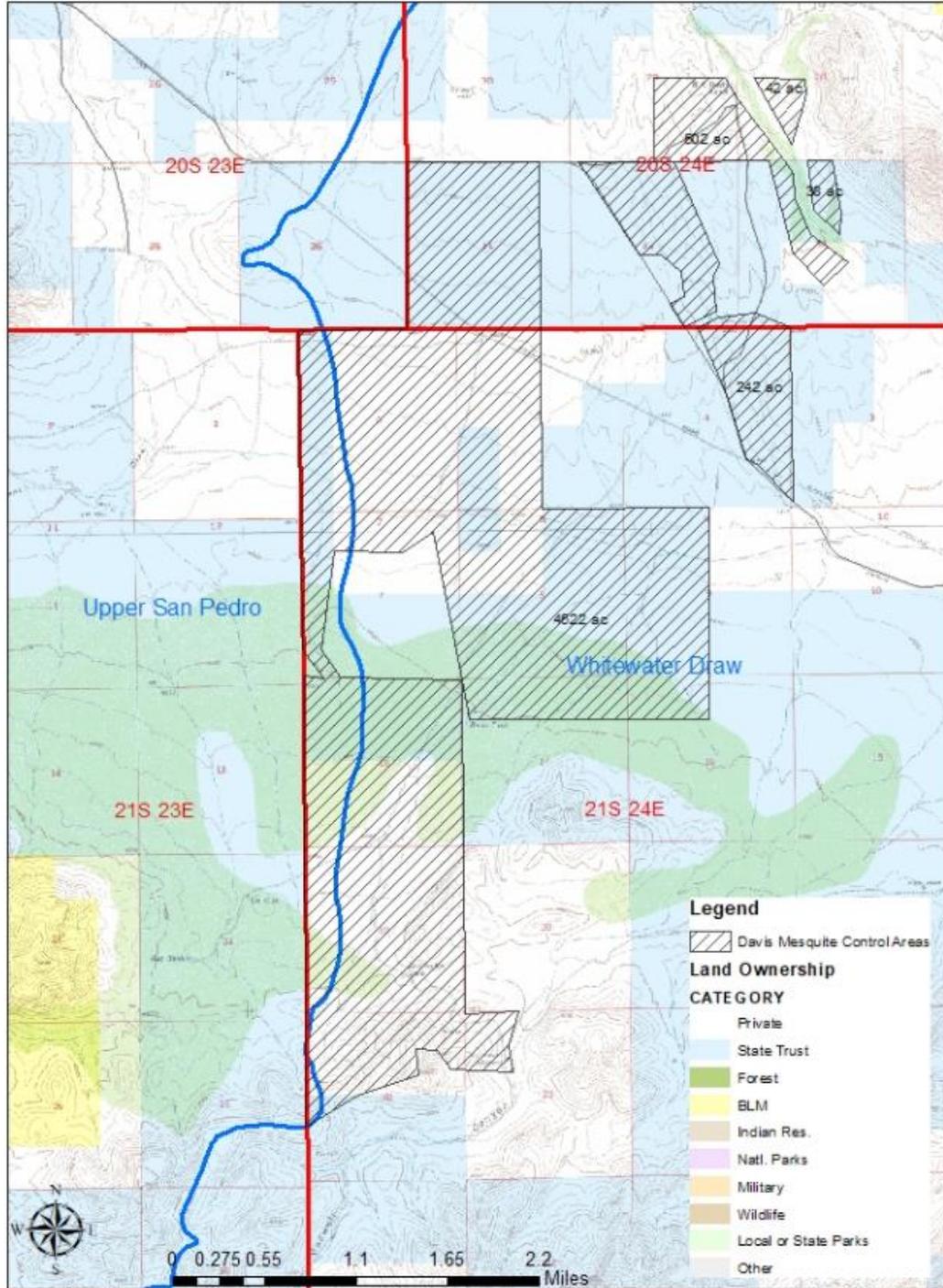
The treated area can be reduced if only partial funding is available from the Watershed Protection Fund. The ranch will provide time and labor for overseeing implementation of the project, managing grazing on the area after treatment, and monitoring the project. Letters of support are attached.

Davis Cattle Co. Grassland Restoration



The hashed areas on the map below identify the areas planned for grassland restoration. The treatment area includes 2527 acres of private land, and 2818 acres of State Trust lands. The dark blue line is the watershed boundary between the Upper San Pedro and Whitewater Draw 8 Digit Watersheds. Land ownership is shown in the legend.

Davis Cattle Co. Grassland Restoration



Other Considerations

The Arizona Conservation Partnership is a statewide partnership effort that includes 42 Conservation Districts, the Arizona Association of Conservation Districts, NRCS, BLM, USFS, USFWS, ARS, the Arizona State Land Department, Arizona Game and Fish Department, Arizona Department of Agriculture, Arizona Department of Forestry and Fire Management, and Arizona State Parks and Trails. The vision is to join forces and leverage resources to enhance Arizona’s working landscape for ecological and economic prosperity. The Arizona Conservation Partnership is focused on watershed health, including water quality and quantity, aquatic and riparian health, forest and rangeland health, and wildlife habitat. The partnership supports working landscapes, that support sustainable agricultural production and biomass utilization.

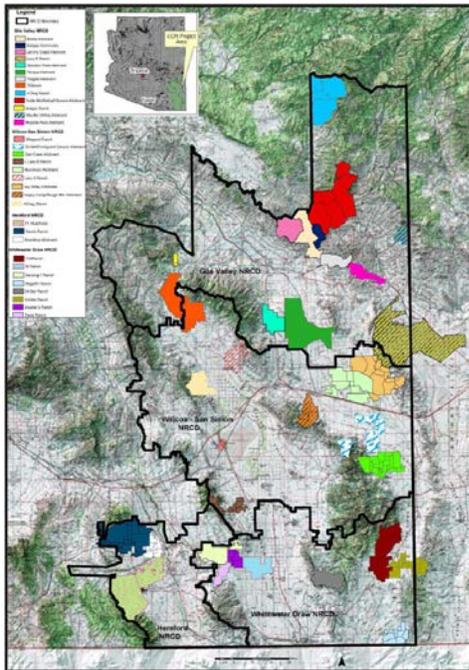


Figure 1: SE Arizona ranches assisted 2010 - 2016

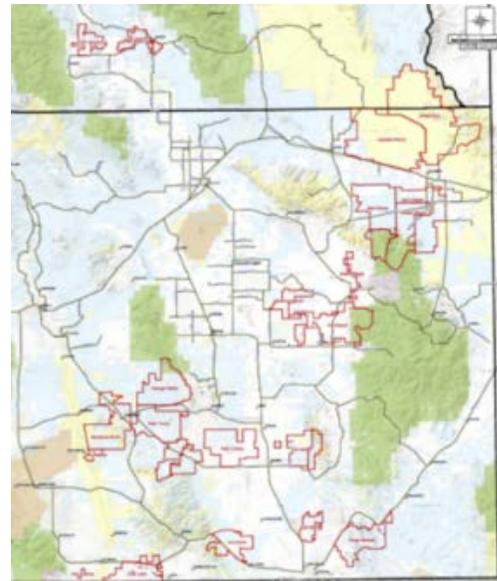
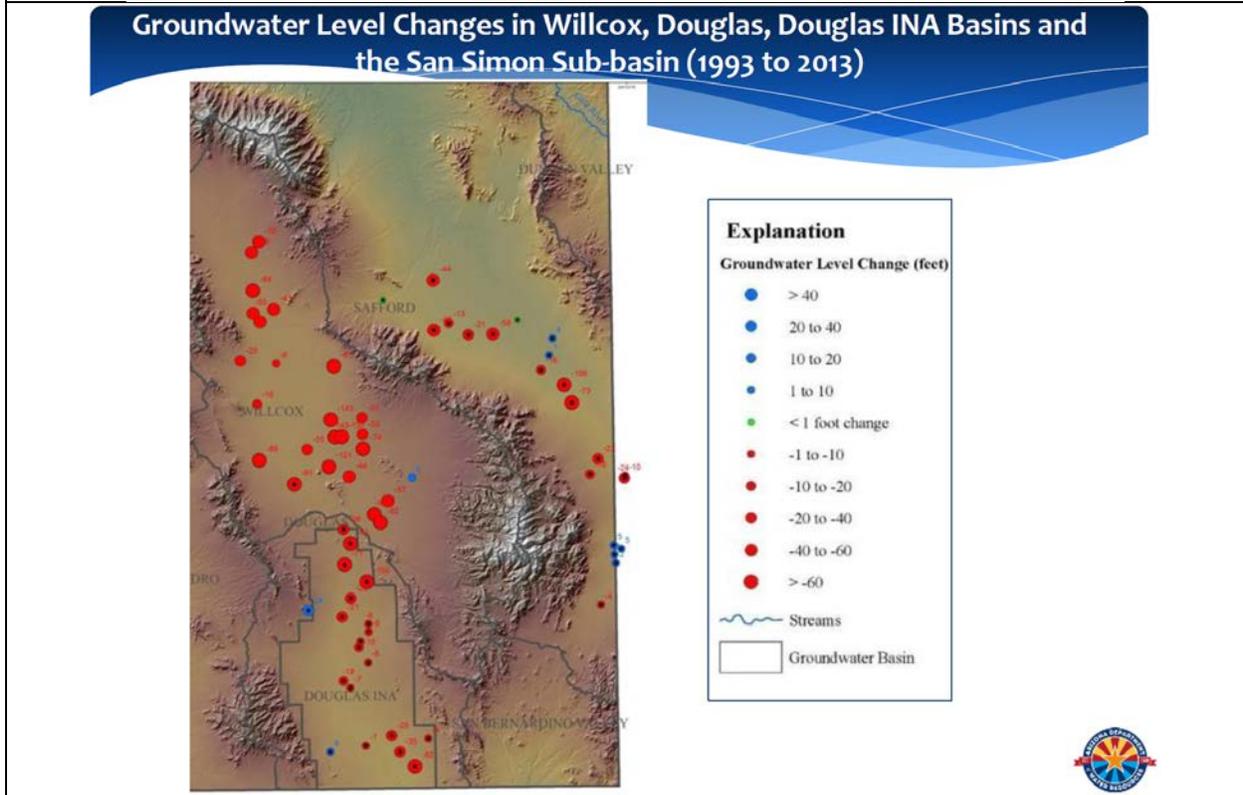
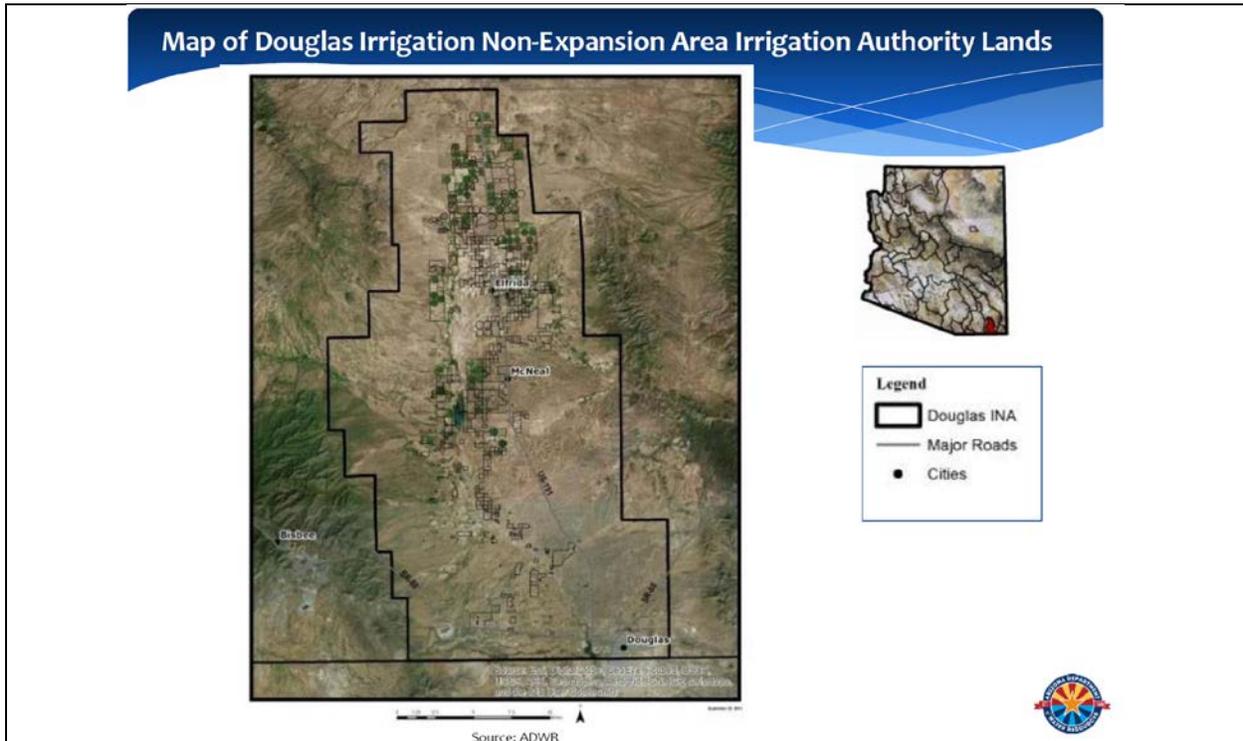


Figure2: SE Arizona ranches with proposed projects 2017-2018

The participants in this southeast Arizona partnership efforts include the following Conservation Districts agencies and organizations.

- Hereford Natural Resource Conservation District
- Whitewater Draw Natural Resource Conservation District
- Gila Valley Natural Resource Conservation District
- Willcox - San Simon Natural Resource Conservation District
- San Pedro Natural Resource Conservation District
- Arizona Association of Conservation Districts
- Arizona State Land Department
- Arizona Department of Agriculture
- Arizona Game and Fish Department
- Cochise County
- USDI Bureau of Land Management
- USDA Natural Resource Conservation Service
- USDA Forest Service
- Agricultural Research Service, Walnut Gulch Watershed
- Fort Huachuca
- Arizona Land and Water Trust



**Project Location & Environmental Contaminant Information
FY 2019**

Project Location Information			
1. County: <u>Cochise</u>	2. Section(s): <u>28, 29, 31, 32, 33 & 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 29, 30</u>	3. Township: <u>20S & 21S</u>	4. Range: <u>24E</u>
<p>5. Watershed: <u>Upper San Pedro and Whitewater Draw</u></p> <p>6. 8 or 10 Digit Hydrologic Unit Code (HUC): <u>15050202, 15080301</u></p> <p>7. Name of USGS Topographic Map where project area is located: <u>Hay Mountain, Potter Mountain</u></p> <p>8. State Legislative District: <u>14</u> (Information available at: http://azredistricting.org/districtlocator/)</p> <p>9. Land ownership of project area: <u>Private 2527 ac, State 2818 ac</u></p> <p>10. Current land use of project area: <u>Livestock Grazing</u></p> <p>11. Size of project area (in acres): <u>5345 DIRECT</u></p> <p>12. Stream Name: <u>Government Draw Wash, San Pedro River, Gladwell Canyon, Whitewater Draw</u></p> <p>13. Length of stream through project area: <u>5</u></p> <p>14. Miles of stream benefited: <u>5 miles</u></p> <p>15. Acres of riparian habitat: <u>5 acres</u> will be:</p> <p style="margin-left: 300px;"> <input checked="" type="checkbox"/> Enhanced <input type="checkbox"/> Maintained <input checked="" type="checkbox"/> Restored <input type="checkbox"/> Created </p>			
<p>16. General description and/or delineation for the area of impact of the project within the watershed. <u>This 5346 acre grassland restoration project benefits the headwaters of Government Draw Wash that flows into the San Pedro River, and the headwaters of Gadwell Canyon that flows into Whitewater Draw. The project is part of a larger grassland restoration partnership effort by the Arizona Conservation Partnership that started in 2010. The Davis Ranch has already treated just under 5100 acres to control other woody species such as creosotebush and whitethorn. Last year 4 nearby ranches completed grassland restoration projects on 7850 acres using NRCS, BLM and rancher funding.</u></p>			
<p>17. Provide directions to the project site from the nearest city or town. List any special access requirements: <u>The project is located 12 miles east of Tombstone, on both sides of Davis Road, between Tombstone and McNeal Arizona.</u></p>			
Environmental Contaminant Location Information			

1. Does your project site contain known environmental contaminants? **YES** **NO** If yes, please identify the contaminant(s) and enclose data about the location and levels of contaminants: _____
2. Are there known environmental contaminants in the project vicinity? **YES** **NO** If yes, please identify the contaminant(s) and enclose data about the location and levels of contaminants: _____
3. Are you asking for Arizona Water Protection Fund monies to identify whether or not environmental contaminants are present? **YES** **NO**

STATE HISTORIC PRESERVATION OFFICE Review Form

In accordance with the State Historic Preservation Act (SHPO), A.R.S. 41-861 *et seq.*, effective July 24, 1982, each State agency must consider the potential of activities or projects to impact significant cultural resources. Also, each State agency is required to consult with the State Historic Preservation Officer with regard to those activities or projects that may impact cultural resources. Therefore, it is understood that **recipients of state funds are required to comply with this law** throughout the project period. All projects that affect the ground-surface that are funded by AWPf require SHPO clearance, **including those on private and federal lands.**

The State Historic Preservation Office (SHPO) must review each grant application recommended for funding in order to determine the effect, if any, a proposed project may have on archaeological or cultural resources. To assist the SHPO in this review, the following information **MUST** be submitted with each application for funding assistance:

- A completed copy of this form, and
 - A United States Geological Survey (USGS) 7.5 minute map
 - A copy of the cultural resources survey report if a survey of the property has been conducted, and
 - A copy of any comments of the land managing agency/landowner (i.e., state, federal, county, municipal) on potential impacts of the project on historic properties.
- NOTE: If a federal agency is involved, the agency must consult with SHPO pursuant to the National Historic Preservation Act (NHPA); a state agency must consult with SHPO pursuant to the State Historic Preservation Act (SHPA),
- OR**
- A copy of SHPO comments if the survey report has already been reviewed by SHPO.

Please answer the following questions:

1. Grant Program: Arizona Water Protection Fund
2. Project Title: Davis Cattle Co. Grassland Restoration
3. Applicant Name and Address: Arizona Association of Conservation Districts
4. Current Land Owner/Manager(s): Davis Cattle Co. LLC, State Trust Land
5. Project Location, including Township, Range, Section: Parts of Sections 28, 29, 31, 32, and 33 in T20S R24E and Parts or all of sections 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 29, and 30 in T21S R24E
6. Total Project Area in Acres (or total miles if trail): 5345 ac

7. Does the proposed project have the potential to disturb the surface and/or subsurface of the ground?
 YES NO
8. Please provide a brief description of the proposed project and specifically identify any surface or subsurface impacts that are expected: The proposed project will not include any ground disturbance. A combination of Sendero, Remedy and Herbimax will be applied aeriually to control mesquite invasion on grasslands. Crop Production Services will be contracted to aeriually apply the chemicals according to label directions, including checking soil moisture, wind speed, and temperature during applications. Vehicle travel for all related activities will be on existing ranch and county roads.
9. Describe the condition of the current ground surface within the entire project boundary area (for example, is the ground in a natural undisturbed condition, or has it been bladed, paved, graded, etc.). Estimate horizontal and vertical extent of existing disturbance. Also, attach photographs of project area to document condition: Current ground surface is native rangeland, and it will not be disturbed by the project
10. Are there any known prehistoric and/or historic archaeological sites in or near the project area? YES NO
11. Has the project area been previously surveyed for cultural resources by a qualified archaeologist? YES NO UNKOWN

If YES, submit a copy of the survey report. Please attach any comments on the survey report made by the managing agency and/or SHPO

12. Are there any buildings or structures (including mines, bridges, dams, canals, etc.), which are 50-years or older in or adjacent to the project area? YES NO

If YES, complete an Arizona Historic Property Inventory Form for each building or structure, attach it to this form and submit it with your application.

13. Is your project area within or near a historic district? YES NO

If YES, name of the district:

Please sign on the line below certifying all information provided for this application is accurate to the best of your knowledge.

Frank R. Krentz
 Applicant Signature

1/9/4/18
 /Date

Frank R Krentz
 Applicant Printed Name

FOR SHPO USE ONLY

SHPO Finding:

- Funding this project will not affect historic properties.
- Survey necessary – further GRANTS/SHPO consultation required (*grant funds will not be released until consultation has been completed*)
- Cultural resources present – further GRANTS/SHPO consultation required (*grant funds will not be released until consultation has been completed*)

SHPO Comments:

For State Historic Preservation Office:

Date:

**STATE OF ARIZONA
HISTORIC PROPERTY INVENTORY FORM**

Please type or print clearly. Fill out each applicable space accurately and with as much information as is known about the property.

PROPERTY IDENTIFICATION

For properties identified through survey: Site No. _____ Survey Area: _____

Historic Names (enter the name(s), if any that best reflect the property's historic importance): _____

Address: _____

City or Town: _____ Vicinity County: _____ Tax Parcel No.: _____

Township: _____ Range: _____ Section: _____ Quarters: _____ Acreage: _____

Block: _____ Lot(s): _____ Plat (Addition): _____ Year of plat (addition): _____

UTM Reference – Zone: _____ Easting: _____ Northing: _____

USGS 7.5' quadrangle map: _____

ARCHITECT: _____ not determined known Source: _____

BUILDER: _____ not determined known Source: _____

CONSTRUCTION DATE: _____ known estimated Source: _____

STRUCTURAL CONDITION

- Good (well maintained; no serious problems apparent)
- Fair (some problems apparent) Describe: _____
- Poor (major problems; imminent threat) Describe: _____
- Ruin/Uninhabitable

USES/FUNCTIONS

Describe how the property has been used over time, beginning with the original use: _____

Sources: _____

PHOTO INFORMATION

Date of photo: _____
View Direction (looking towards): _____

Attach a recent photograph of property in this space. Additional photographs may be appended.

SIGNIFICANCE

To be eligible for the National Register, a property must represent an important part of the history or architecture of an area. The significance of a property is evaluated within its historic context, which are those patterns, themes, or trends in history by which a property occurred or gained importance. Describe the historic and architectural contexts of the property that may make it worthy of preservation.

A. HISTORIC EVENTS/TRENDS – Describe any historic events/trends associated with the property: _____

B. PERSONS – List and describe persons with an important association with the building: _____

C. ARCHITECTURE – Style: _____ no style

Stories: _____ Basement Roof Form: _____

Describe other character-defining features of its massing, size and scale: _____

INTEGRITY

To be eligible for the National Register, a property must have integrity (i.e. it must be able to visually convey its importance). The outline below lists some important aspects of integrity. Fill in the blanks with as detailed a description of the property as possible.

Location - Original Site Moved: Date: _____ Original Site: _____

DESIGN

Describe alterations from the original design, including dates: _____

MATERIALS

Describe the materials used in the following elements of the property:

Walls (structure): _____

Walls (sheathing): _____

Windows: _____

Roof: _____

Foundation: _____

SETTING

Describe the natural and/or built environment around the property: _____

How has the environment changed since the property was constructed? _____

WORKMANSHIP

Describe the distinctive elements, if any, of craftsmanship or method of construction: _____

NATIONAL REGISTER STATUS (if listed, check the appropriate box)

Individually Listed; Contributor; Non-contributor to _____ Historic District

Date Listed: _____ Determined eligible by Keeper of National Register (date: _____)

RECOMMENDATIONS ON NATIONAL REGISTER ELIGIBILITY (opinion of SHPO staff or survey consultant)

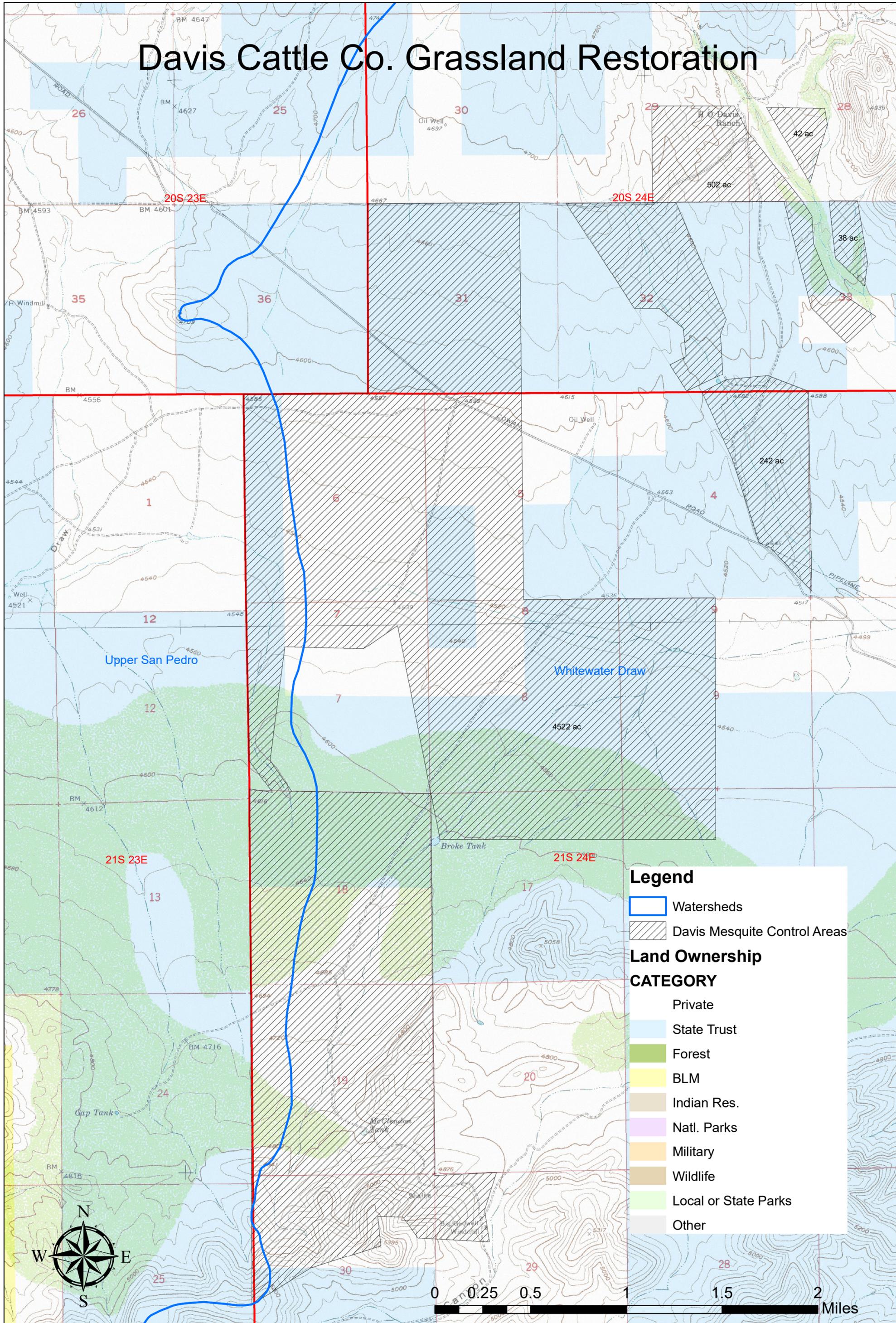
Property is is not eligible individually.

Property is is not eligible as a contributor to a listed or potential historic district.

More information needed to evaluate.

If not considered eligible, state reason: _____

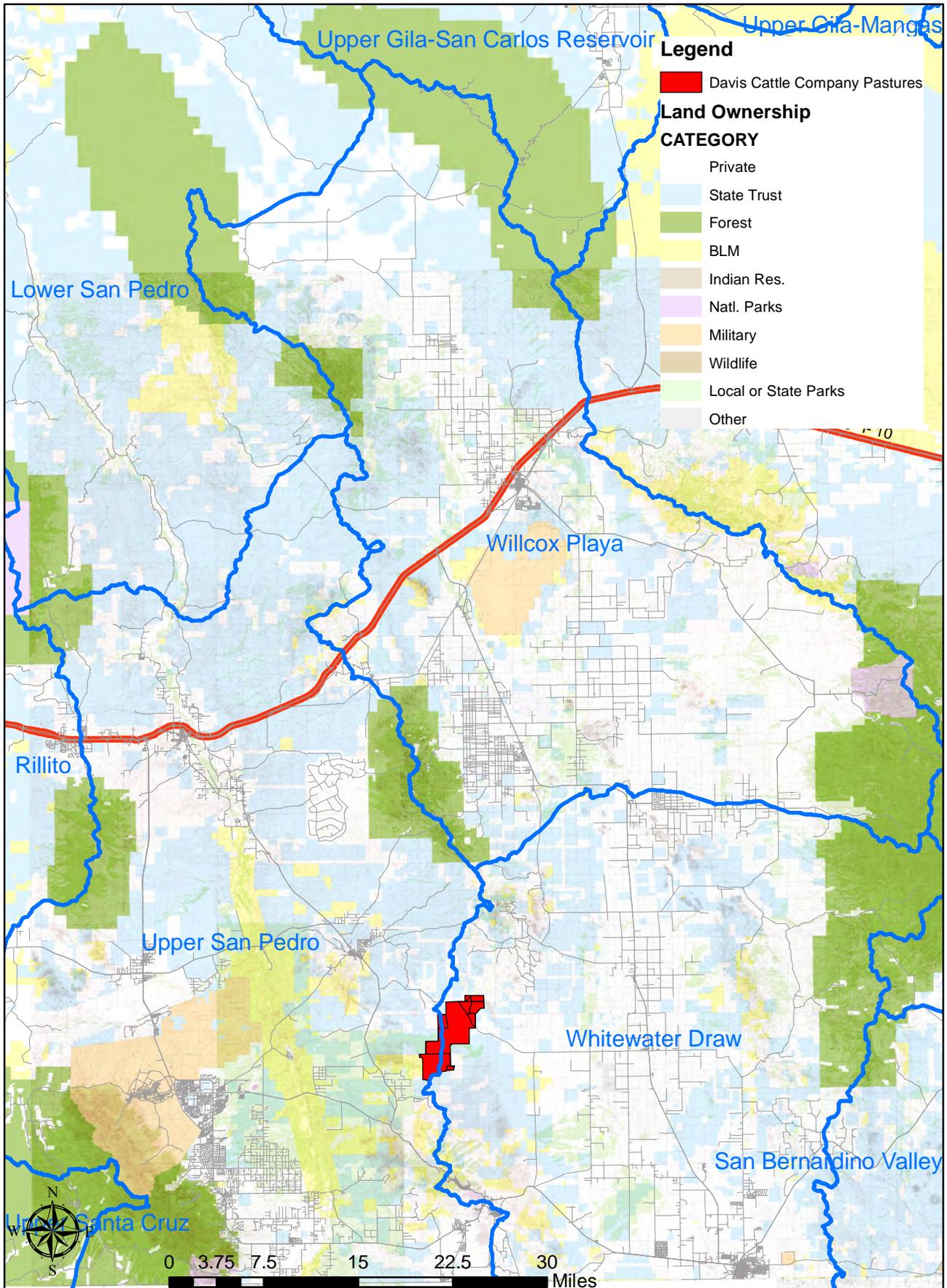
Davis Cattle Co. Grassland Restoration



Legend

- Watersheds
- Davis Mesquite Control Areas
- Land Ownership CATEGORY**
- Private
- State Trust
- Forest
- BLM
- Indian Res.
- Natl. Parks
- Military
- Wildlife
- Local or State Parks
- Other

Davis Cattle Co. Grassland Restoration

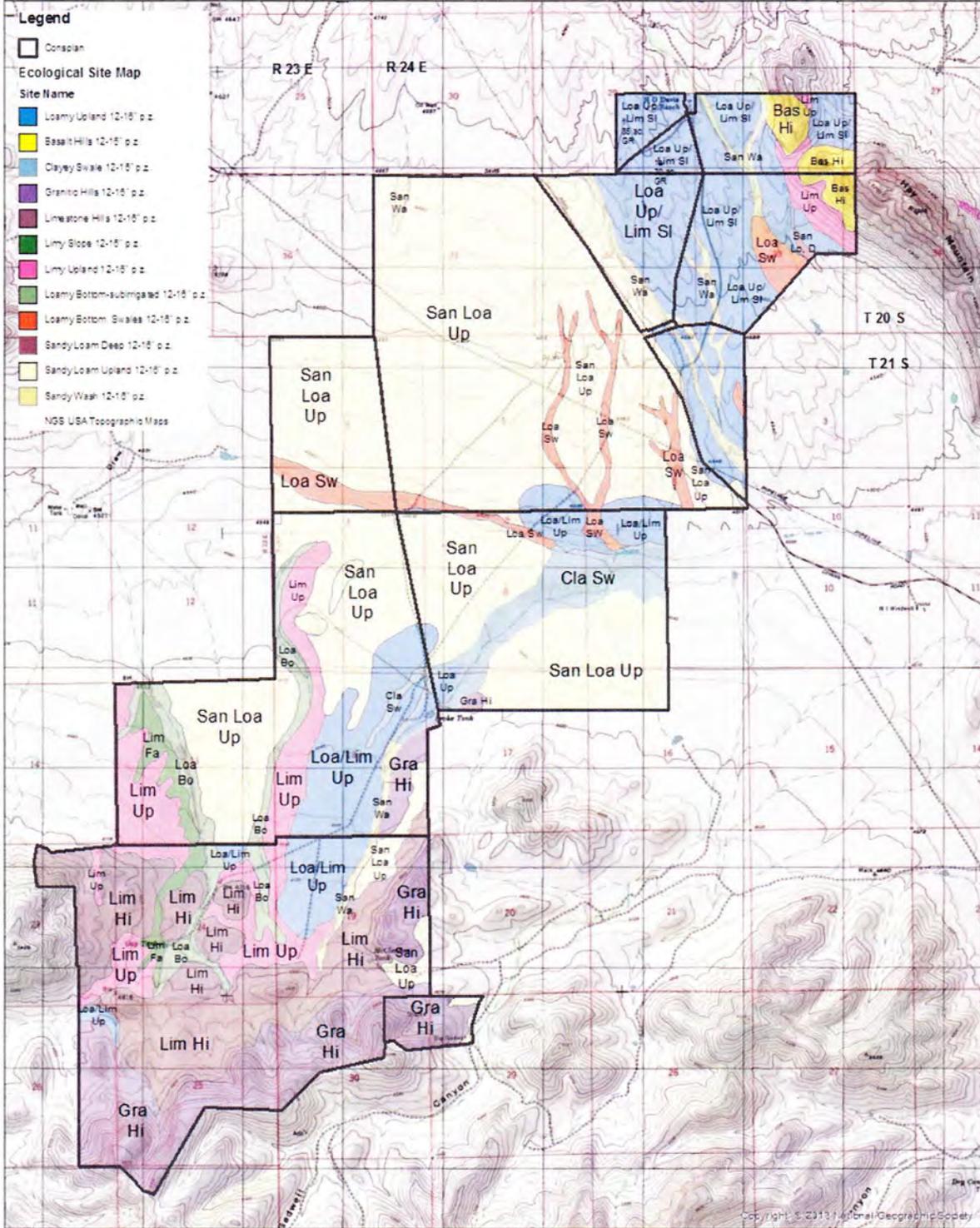


Davis Cattle Co Grass Land Restoration

Ecological Sites Map

Customer(s): DAVIS CATTLE COMPANY LLC
 District: WHITEWATER DRAW NRCD
 Approximate Acres: 9346
 Date: 2/3/2017

Field Office: DOUGLAS
 Agency: USDA NRCS
 Assisted By: DUSTY GLIDEWELL
 State and County: AZ, Cochise County



Prepared with assistance from USDA-Natural Resources Conservation Service

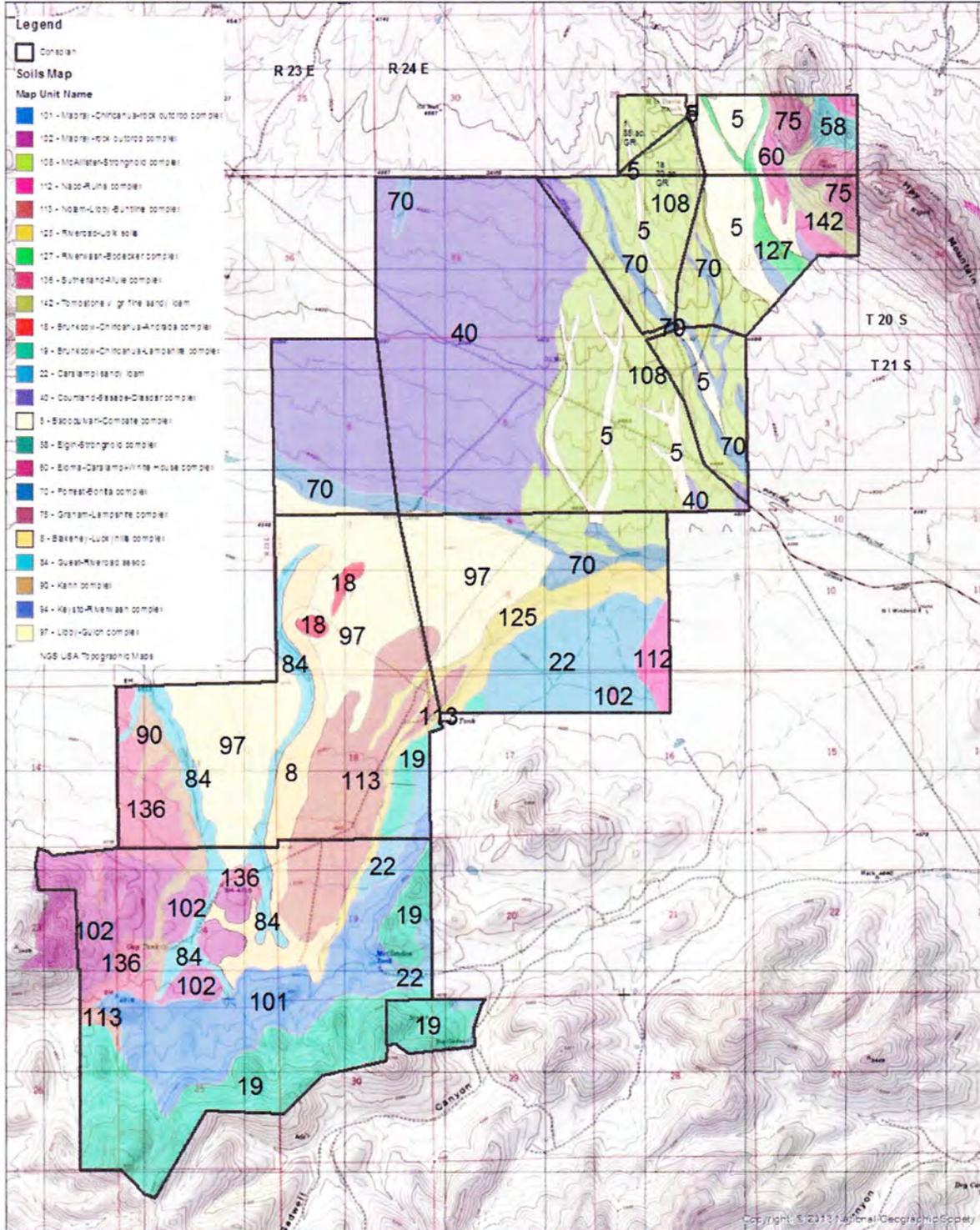


Davis Cattle Company Grassland Restoration

Soils Map

Customer(s): DAVIS CATTLE COMPANY LLC
 District: WHITEWATER DRAW NRCD
 Approximate Acres: 9346
 Date: 2/3/2017

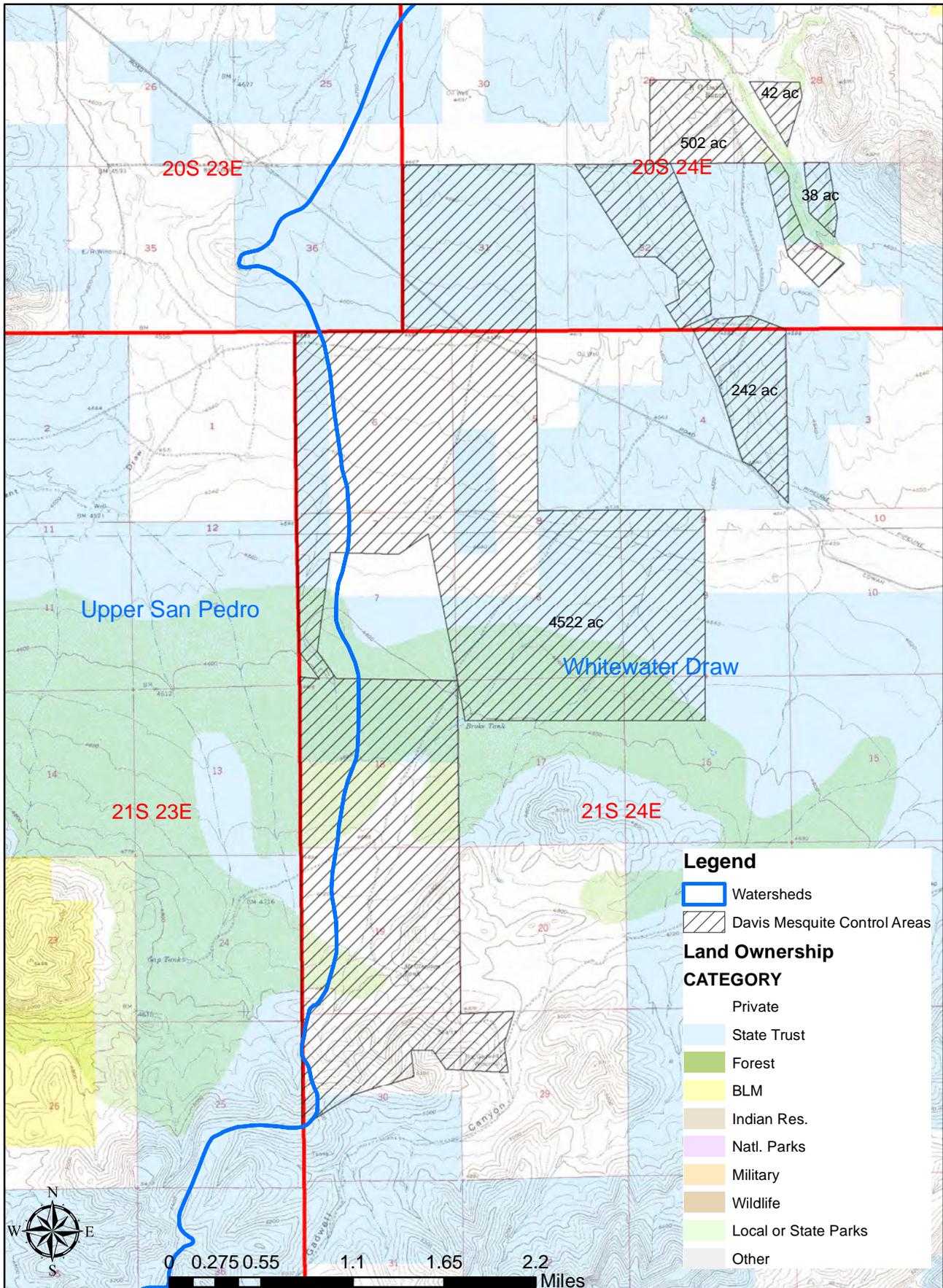
Field Office: DOUGLAS
 Agency: USDA NRCS
 Assisted By: DUSTY GLIDEWELL
 State and County: AZ, Cochise County



Prepared with assistance from USDA-Natural Resources Conservation Service



Davis Cattle Co. Grassland Restoration



AGRICULTURAL LEASE AGREEMENT

Davis Cattle Company LLC, Fred & Peggy Davis Family Trust

PO Box 62

Tombstone, Arizona 85638

Fred and Peggy Davis Family Trust do hereby agree to lease for the sum of
\$ 100.00 to Davis Cattle Company LLC all private land whether
jointly or individually owned listed in the attached legal descriptions.

Frederick H. Davis March 15-2015

Frederick H. Davis - Trustee

Peggy D. Davis 3-15-15

Peggy D. Davis - Trustee

RECORDING REQUESTED BY

Williams/Melo, PLC
2107B Paseo San Luis, Suite C,
Sierra Vista, AZ 85635

WHEN RECORDED MAIL TO:

Fred and Peggy Davis
P.O. Box 62
Tombstone, AZ 85638

926483 Pages: 1 of 2
03/12/2015 08:10 AM R Fee:\$16.00 D Fee:\$0.00
Katie E. Barr, Clerk and Recorder, Fremont County, CO

WARRANTY DEED

Exempt from Affidavit pursuant to A.R.S. §11-1134.B.8.

FOR THE CONSIDERATION OF TEN DOLLARS, and other valuable considerations, **Frederick H. Davis and Peggy D. Davis, husband and wife, GRANTORS**, hereby convey and warrant unto, **Frederick H. Davis and Peggy D. Davis, Trustees, or their successors in Trust under the Fred and Peggy Davis Family Trust dated August 7, 2013, and any amendment thereto, GRANTEES**, all interest in the following real property located in FREMONT COUNTY, COLORADO, more fully described as follows:

See Exhibit A

Subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor warrants the title against all persons whomsoever.

Pursuant to A.R.S. §33-404, the beneficiaries of the **Fred and Peggy Davis Family Trust dated August 7, 2013**, are **Frederick H. Davis and Peggy D. Davis**, P.O. Box 62, Tombstone, Arizona. NOTE: Under the Trust there may be contingent beneficiaries who are currently unascertainable.

Dated this 3rd day of March, 2015

ACCEPTED AND APPROVED: GRANTORS

Frederick H. Davis
Frederick H. Davis

Peggy D. Davis
Peggy D. Davis

STATE OF ARIZONA)
)ss
COUNTY OF COCHISE)

This instrument was acknowledged before me this 3rd day of March, 2015, by Frederick H. Davis and Peggy D. Davis.

My Commission Expires:

Rebecca Deatherage
Notary Public

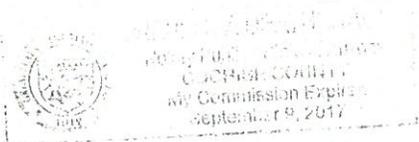


EXHIBIT A

That portion of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ lying Easterly of Fremont County Road 107 Section 4 Township 20 South Range 69 W of the 6th P.M.

EXHIBIT A

Lot 4 of Section 4;
Lots 1 to 4, inclusive;
The South half of the Northwest quarter;
The Southwest quarter of the Northeast quarter; and
The East half of the Southwest quarter of Section 5;
The East half; and
The East half of the West half of Section 6;
The Northeast quarter; and
The East half of the Northwest quarter of Section 7;
The East half of the Northwest quarter; and
The Southwest quarter of the Northwest quarter of Section 8;
The South half of Section 18;
ALL of Section 19;
The West half of the Northwest quarter of Section 29; and
The North half of Section 30;

All in Township 21 South, Range 24 East of the Gila and Salt River Base and Meridian,
Cochise County, Arizona.

Subject to all reservations, exceptions, easements, rights-of-way, rights-of-entry, and
leases of record.

Exhibit A

The East half of the Southeast quarter of Section 23; and
The East half of the East half of Section 26:

ALL in Township 21 South, Range 23 East of the Gila and Salt River Base and Meridian,
Cochise County, Arizona.

SUBJECT TO all reservations, exceptions, easements, rights-of-way, rights of entry and
leases of record

EXHIBIT A

Parcel One

The South half of Section 28; the Southeast quarter of the Southeast quarter Section 29; the West half of the Northeast quarter of the Southeast quarter of Section 29; The West half of the Southeast quarter of Section 29, EXCEPT the following parcel beginning at the South quarter corner of Section 29 then North 2,640 feet, then East 213.09 feet, then South 8 degrees 20 minutes East 2,085 feet, then South 48 degrees 45 minutes West 773.5 feet to the Point of Beginning of Section 29. All in Township 20 South, Range 24 East, Gila & Salt River Base and Meridian, Cochise County, Arizona. (approximately 439.35 acres)

Parcel Two

The East half of the Northeast Quarter of the Southeast Quarter of Section 29, Township 20, Range 24 East, Gila & Salt River Base and Meridian, Cochise County, Arizona.

Operating Agreement
of
DAVIS CATTLE COMPANY, LLC

THIS OPERATING AGREEMENT (the "Agreement") of DAVIS CATTLE COMPANY, LLC (the "Company") is effective as of September 3, 2013, between Frederick H. Davis and Peggy D. Davis, (who, in all references herein shall be acting as Trustees of the Fred and Peggy Davis Family Trust, dated September 3, 2013) (the "Manager" or "Managing Member") and the Company. Each party to this Agreement who is a Member may be referred to individually as a "Member" and all such parties may be referred to collectively as "Members."

WITNESSETH

WHEREAS, the undersigned Managing Member (hereinafter sometimes referred to as "the Member" or "the Manager(s)") desires to form a limited liability company under the provisions of the Arizona Limited Liability Company Act for the purposes hereinafter described;

WHEREAS, the Member believes that the formation of the Company and the contribution thereto of certain interests will further the interests of the Member, including without limitation providing certain business, financial and economic advantages which the Member believes will result from the consolidated and simplified management of the Member's assets contributed herein;

NOW, THEREFORE, in consideration of the mutual promises, obligations, and agreements contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

SECTION 1. Formation of Limited Liability Company

1.1 **Formation.** The parties hereto do hereby agree to and do hereby form a limited liability company under the Arizona Limited Liability Company Act, as it may be amended from time to time (the "Act"). Promptly upon (or Prior to) the execution of this Agreement, the Managing Member shall cause the articles of organization to be executed and delivered to the Corporation Commission of the State of Arizona in accordance with the provisions of the Act and do or cause to be done all such filing, recording, or other acts as may be necessary or appropriate from time to time to comply with the requirements of law for the formation and operation of a limited liability company in the State of Arizona and any such requirements in any other jurisdiction in which the Company may do business. All costs incurred by the Managing Member in connection with the foregoing, including, without limitation, legal fees in connection therewith, shall be expenses of the Company and shall be reimbursed promptly by the Company upon the completion of such action.

1.2 **Tax Classification.** The Member intends that at any time the Company has only one Member or is deemed to have only one Member for federal income tax purposes the Company will be disregarded as a separate entity for federal income tax purposes. The Member also intends that at any time the Company has more than one Member the Company will be classified as a partnership for federal income tax purposes and this Agreement shall be interpreted accordingly.

1.3 **Limited Liability.** No Member or Managing Member (as defined or otherwise described below) shall have any personal obligation for any liabilities of the Company solely by reason of being a Member or Manager, except as provided by law.

SECTION 2. Name, Principal Place of Business, and Registered Office and Agent

2.1 **Name.** The name of the Company shall be . The Company may adopt such trade or business names as the Managing Member shall consider appropriate.

2.2 **Place of Business and Registered Office and Agent.** The Company's principal place of business shall be located at 4156 East Davis Ranch Road, Tombstone, Arizona or at such place as the Managing Member may designate. The registered office of the Company shall be located at 4156 East Davis Ranch Road, Tombstone, Arizona or at such place as the Managing Member may designate. The registered statutory agent of the Company shall be Frederick H. Davis, or any other person designated as such by the Managing Member.

SECTION 3. Purpose of Company

The purpose of the Company is to engage in any lawful business and or to provide for the orderly and efficient management of the estate of the Members during the course of their lifetime and after their death or disability.

SECTION 4. Term

The term of the Company shall commence upon the execution of this Agreement or the filing of the duly executed articles of organization in the office of the Secretary of State of Arizona, whichever occurs later, and shall continue until the Company is liquidated and dissolved pursuant to the provisions of Section 14 hereof.

SECTION 5. Definitions

For purposes of this Agreement, each of the following terms, when used with an initial capital letter, shall have the meaning hereinafter provided.

5.1 "Capital Account" means the account maintained for each Member in accordance with Section 7.3 of this Agreement.

5.2 "Permitted Transferee" means a descendant or a spouse of a descendant of a Member, including adopted persons, or an estate or trust the sole beneficiaries of which are any one or more of the foregoing persons.

5.3 "Person" means any natural person or any corporation, partnership, joint venture or enterprise, limited liability company, unincorporated association, trust, estate, governmental entity or other entity or organization, and shall include the successor (by merger or otherwise) of any such entity or organization.

5.4 "Proxy" means a written statement, signed by a Managing Member, authorizing another Managing Member to vote on a specific matter or to vote on all questions that may arise for decision at a meeting of the Managing Members. With respect to meetings of the Members, "Proxy" means a written statement, signed by a Member, authorizing another Member to vote at such a meeting. A Proxy, to be valid, must specify the meeting to which it applies.

5.5 "Related Party" means a descendant of Frederick H. Davis and Peggy D. Davis, including adopted persons, or an estate or trust the sole beneficiaries of which are any one or more of the foregoing persons.

SECTION 6. Membership

6.1 **Membership Interests and Members.** The aggregate interests in the Company profits, losses and distributions shall be evidenced by "Class A Units" and "Class B Units." The Class A Units and Class B Units are sometimes collectively referred to as the "Member Units."

6.2 Consent or Approval of Members. Except as otherwise provided in this Agreement, only Members who hold Class A Units (the "Class A Members") shall be authorized to take any action concerning the Company under this Agreement. The consent or approval of the Class A Member shall be given at least five days' notice of the required consent or approval, except as otherwise provided in this Agreement. Consents or approvals shall be based upon the number of Class A Units owned by such Member and a reference to the consent or approval of a "majority in interest" of the Class A Members means the written consent or approval of the Class A Members who hold, in the aggregate, more than one-half of the outstanding Class A Units held by such Members at the time the consent or approval is required. In addition, a reference to the consent or approval of "two-thirds" of the Class A Members means the written consent or approval of the Class A Members who hold, in the aggregate, two-thirds of the outstanding Class A Units held by such Members at the time the consent or approval is required.

6.3 Admission of Members. Except as otherwise provided in this Agreement, Persons (other than the undersigned initial Member) acquiring interests in the Company by assignment or otherwise will not become Members for the purpose of this Agreement until (i) such Persons agree in writing to all of the terms and conditions of this Agreement as then in effect, and (ii) such Persons make any required capital contributions to the Company.

SECTION 7. Capital

7.1 Capital Contributions. The Member shall contribute as her initial capital contribution to the Company all of her right, title, and interest in and to the property described in Exhibit A hereto. The Member and Manager agree that the property contributed to the Company has a fair market value of and the Member's capital account shall be credited with an initial capital contribution equal to amounts described in Exhibit A hereto.

7.2 Additional Capital Contributions. No Member, including the Manager, shall be obligated or required to make any additional capital contributions to the Company. The Members may, however, make additional contributions to the Company provided that such additional capital contributions are made pro rata by all the Members or all the Members consent in writing to any non-pro rata contribution. In the event of a non-pro rata contribution, the Percentage Interests of the respective Members shall be adjusted accordingly.

7.3 Capital Accounts. The Company shall maintain a capital account ("Capital Account") for each Member. The value of each Capital Account shall equal (i) the sum of the cash contribution to the account, the agreed upon value of contributions of property to the account, and the share of the profits of the Company allocated to the account, less (ii) all distributions made to the owner of the account and the share of the net losses of the Company allocated to the account. The agreed upon value assigned to an account for contributions of property shall be approved by a majority in interest of the Class A Members. Capital Accounts shall be maintained in accordance with the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and shall not bear interest.

7.4 Return of Capital Contributions. No Member shall be entitled to withdraw any part of his capital contribution or his Capital Account or to receive any distribution from the Company except as specifically provided in this Agreement.

7.5 Loans to the Company. The Company is hereby authorized to borrow funds from one or more Members, without limitation as to amount or term, at interest rates not to exceed the then prime rate of interest at an amount to be determined. Except as otherwise provided herein, the amount of a loan, if any, made to the Company by a Member shall not be considered an increase in such Member's capital contribution or otherwise a contribution to the Company, and the making of such loan shall not entitle such Member to an increased share of the profits, losses, or distributions to be made pursuant to the provisions of this Agreement without the consent of all Members.

SECTION 8. Allocations and Distributions

8.1 Allocations in General. The profits, losses, and distributive shares of tax items shall be allocated to the Members based upon their respective Percentage Interests during the period over which such profits, losses, and tax items were accrued. Percentage Interests shall be calculated as the ratio of the number of Member Units owned by each Member or Assignee (as defined in Section 13 of this Agreement) to the aggregate number of Member Units owned by all Members and Assignees. The Manager shall have authority to make any special allocations recommended by tax counsel to the Company as necessary or appropriate for compliance with the provision of Subchapter K of the Code, including without limitation sections 704(b) and 704(c) thereof and regulations promulgated thereunder.

8.2 Distributions of Cash. Except as otherwise provided in Section 8.4 of this Agreement, cash, which the Managing Member, in their absolute discretion, determines is not necessary for the operations or reserves of the Company, shall be distributed to the Members annually or more frequently in accordance with their respective Percentage Interests in the Company; provided, the Managing Member shall distribute to the Members annually in accordance with their respective Percentage Interests an amount at least equal to the tax liability of the respective Members for their allocable share of the Company's profits and tax items as provided in Section 8.1 above.

8.3 Distributions in Kind. Distributions in kind of the property, in liquidation or otherwise, shall be made only with the consent of all of the Members and only at a value established by the Members. Prior to any such distribution in kind, the difference between such established value and the book value of the property to be distributed shall be credited or charged, as is appropriate, to the Members' Capital Accounts in proportion to their Percentage Interests in the Company. Upon the distribution of such property, such agreed upon value shall be charged to the Capital Accounts of the Members receiving such distribution and the Percentage Interests of the respective Members shall be adjusted accordingly.

8.4 Distributions Following Dissolution. Following the dissolution (without continuation) of the Company, the assets shall be distributed:

- (a) first, to satisfy debts and obligations of the Company;
- (b) second, to set up any reserves deemed appropriate by the Managing Member; and
- (c) third, among the Members and Assignees in proportion to the amounts in their Capital Accounts.

SECTION 9. Management of Company

9.1 Powers and Duties of Managing Members. The Managing Members shall be responsible for the day-to-day management of the Company's business and affairs and shall devote such time and effort to the Company as shall reasonably be required for its welfare and success. Specifically, except as otherwise limited in this Agreement, the Managing Members are authorized in their sole and absolute discretion, to hold, manage, administer, operate, lease, sell, exchange, pledge, encumber, transfer, purchase, grant options related to, and otherwise deal with the Company assets in Arizona or any other state on behalf of the Company. If at any time the Managing Members deem it advisable or in the best interests of the Company that any property should be held by a nominee, they may transfer such property to a corporation, individual, or other nominee for the Company, but notwithstanding the transfer of any such nominee, said property shall be deemed to be the property of the Company. At any time when there is more than one Managing Member, any one Managing Member may take any action permitted to be taken by the Managing Members, unless the approval of more than one of the Managing Members is expressly required pursuant to this Agreement or the Arizona Limited Liability Company Act. The initial Managing Members shall be FREDERICK H. DAVIS AND PEGGY D. DAVIS, as Trustees of the Fred and Peggy Davis Family Trust, dated August 7, 2013 (the "Initial Managers").

9.2 **Successor Managers.** Upon the resignation, dissolution or bankruptcy of the Initial Managers, a majority in interest of the Class A Members shall elect one or more persons to be the Managing Member or Managers. A Managing Member (including the Initial Manager) maybe removed only by two-thirds of the Class A Members. Upon the removal of a Managing Member, two-thirds of the Class A Members shall elect one or more persons to be the Managing Member or Managers.

9.3 **Meetings of the Managers.** If there is more than one Manager then acting, the Managers shall meet at least once each year at a time and place designated by the Managers. Notice of these meetings shall be by writing mailed to each Manager at least thirty (30) days in advance of the meeting. The purpose of the meetings shall be to decide on the business course of the Company and to make such other decisions and take such other actions as the Managers determine are in the best interests of the Company. Except as otherwise specifically provided in this Agreement, all decisions shall be by vote of a majority in interest of the Managers present and voting; provided, however, that a Manager may vote by Proxy, as defined in Section 5 of this Agreement. A majority of the Managers, which majority may include Proxies, shall constitute a quorum at any properly called meeting of the Managers. In addition to the scheduled meetings provided hereby, the Managers may meet from time to time and at any time, and in response to notice of a scheduled meeting, by vote taken by telephone or in whatever manner is most convenient, may agree to cancel or reschedule any meeting previously announced or scheduled. The Managers shall have the responsibility, which may be delegated to any Manager, to maintain minutes that reflect notice of the Managers' meetings and any decisions reached at such meetings.

9.4 **Limitations on Authority of Managing Member.** Notwithstanding the provisions of Section 9.1 above, the consent of a majority in interest of the Class A Members shall be required to do any of the following:

- (a) Any act in contravention of this Agreement;
- (b) Any act which would make it impossible to carry on the ordinary business of the Company;
- (c) Confess a judgment against the Company;
- (d) File or consent to filing a petition for or against the Company under any Federal or State bankruptcy, insolvency, or reorganization act;
- (e) Possess Company property or assign its rights in Company property for other than a Company purpose;
- (f) Any act that would subject any Member to personal liability as a Managing Member; or
- (g) Change or reorganize the Company into any other legal form.

9.5 **Compensation for Services.** The Company may pay to the Managing Member compensation for any services that the Managing Member renders to the Company, in an amount commensurate with the value of the services rendered, provided that such compensation must be approved by obtaining the written consent of a majority in interest of the Class A Members. If there is more than one Managing Member then acting, the Managers shall be compensated on an equal basis unless otherwise approved by all the Managing Members.

9.6 **Liability of Managing Member.** So long as the Managing Member shall act in good faith with respect to the conduct of the business and affairs of the Company, the Managing Member shall not be liable or accountable to the Company or to any of the Members, in damages or otherwise, for any error of judgment, for any mistake of fact or of law, or for any other act or thing which he may do or refrain from doing in connection with the business and affairs of the Company except in the case of willful misconduct or gross negligence or breach of fiduciary duty.

9.7 **Indemnity.** The Company does hereby indemnify and agree to hold the Managing Member wholly harmless from and against any loss, expense, or damage suffered by him by reason of anything he may do or refrain from doing hereafter for and on behalf of the Company and in furtherance of its interests; provided, however, that the Company shall not be required to indemnify any Managing Member for any loss, expense, or damage which it might suffer as a result of such Managing Member's willful misconduct or gross negligence or breach of fiduciary duty.

9.8 Independent Investments. Any Member may engage independently or with others in other business ventures of every nature and description, whether or not in competition with the Company and its assets and properties and neither the Company nor any other Member shall have any rights in and to such independent ventures or the income or profits derived therefrom.

9.9 Delegation of Authority of Managing Member. The Managing Member shall have the authority to delegate any power it may have under this Agreement or under Arizona law, including those described in Section 9.4, hereof to any person. Any such delegation shall be made in writing and shall be valid until revoked in writing or upon the date specified in the written instrument delegating the authority.

SECTION 10. Investment Representations of the Members

The Member does hereby represent and warrant to the Company and to the Managing Member that she has acquired her interest in the Company for investment solely for her own account with the intention of holding such interest for investment, without any intention of participating directly or indirectly in any distribution of any portion of such interest, and without the financial participation of any other person in acquiring her interest in the Company.

SECTION 11. Banking

The funds of the Company shall be kept in one or more separate bank accounts in the name of the Company in such banks or other depositories as may be designated or shall otherwise be invested in the name of the Company in such manner and upon such terms and conditions as may be designated. All withdrawals from any such bank accounts or investments established by the Company hereunder shall be made on such signature or signatures as may be authorized from time to time by the Managing Member. Any account opened by the Managing Member for the Company shall not be commingled with other funds of the Managing Member or interested persons.

SECTION 12. Accounting

12.1 Method of Accounting. The Company's books of account shall be maintained, and its income, gains, losses, and deductions shall be determined and accounted for in accordance with such method of accounting as may be adopted for the Company for federal income tax purposes, and for purposes of this Agreement, the Company shall account for each and every item of its income, gain, loss and deduction in the same manner as it accounts for each such item for income tax purposes.

12.2 Location of and Access to Company Records. The Managing Member shall keep full and accurate books of account and records at the principal office or other appropriate office of the Managing Member. Upon reasonable notice, each Member, or the Member's designated representative, shall have access to such books and records during reasonable business hours and may inspect and make copies of them at the Member's expense.

12.3 Tax Matters. The tax year of the Company shall be the calendar year. The Managing Member may make, refrain from making, or revoke all tax elections under the Code.

SECTION 13. Transfer of Company Interests and Admission of Members

13.1 Disposition or Encumbrance of Member Units.

(a) The term "Assignee" means the owner, other than a Member, of any interest in the Company. All Member Units owned by Assignees shall be subject to and encumbered by the provisions of this Agreement.

(b) Any sale, gift, assignment, transfer, pledge, encumbrance, or other disposition, whether voluntary, involuntary, or by operation of law, of any of the Member Units shall be restricted as set forth in this Agreement, and no Member Units shall be transferred on the books of the Company unless in compliance with the terms of this Agreement.

(c) Any creation of a security interest, pledge, sale, assignment, transfer, or other disposition of any of the Member Units without compliance with this Agreement shall be void *ab initio*.

13.2 Restrictions on Transfer of the Member Units and Admission of Members.

(a) Except as provided in Section 13.2(b) of this Agreement, no Member or Assignee shall sell, give, assign, transfer, pledge, encumber, or otherwise dispose of any of the Member Units in any manner without complying with the provisions of Section 13.2(c) of this Agreement.

(b) *Transfers of Membership Interests*

(i) *Class A Units.* Each Member shall have the right at any time and from time to time to transfer during the Member's lifetime by gift (outright, to a custodian, or in trust) or sale or at the Member's death all or any portion of the Member's Class A Units to or for the benefit of a Related Party; provided, that the Related Party first agrees in writing to be bound by the terms of this Agreement as then in effect, at which time the Related Party shall be admitted as a substituted Member.

(ii) *Class B Units.* Each Member shall have the right at any time and from time to time to transfer during the Member's lifetime by gift (outright, to a custodian, or in trust) or sale or at the Member's death all or any portion of the Member's Class B Units to or for the benefit of a Permitted Transferee; provided, that the Permitted Transferee first agrees in writing to be bound by the terms of this Agreement as then in effect, at which time the Permitted Transferee shall be admitted as a substituted Member.

All references in this Agreement to the Member, the Class A Member or the Class B Member, shall be deemed to mean and include all transferees (other than the LLC) to whom such Member, such Class A Member, or such Class B Member, or a transferee of such Member, such Class A Member or such Class B Member, has transferred the Member Units. References in this Agreement to the Member Units held or owned by the Member, the Class A Member, or the Class B Member, shall be deemed to mean and include all Member Units transferred by such Member.

(c) *Offer to Other Members.* If any Member should desire to transfer or otherwise dispose of all or any part of his or her interest in the Company to any person, firm, corporation, trust, or other entity, other than as provided in Sections 13.2(b)(i) and 13.2(b)(ii), (the "intended transferee"), such Member shall first submit to all the other Class A Members a request for written permission to sell said interest. If a majority in interest the Class A Members agree to permit said transfer, the selling Member shall submit to all other Members a request for offers to sell all or part of such interest at the price and terms offered to the intended transferee, as defined in paragraph (d) below. In the absence of a stipulation in such notice to the contrary, the sale shall be a cash sale. The offered interest shall be allocated pro rata among the other Members on the basis of the Percentage Interests then held by the Members (excluding the Percentage Interest then held by the offering Member). Each offeree Member shall have the right to purchase all or part of his proportionate share of the offered interest. Each such written offer shall continue to be a binding offer to sell until (i) the offer is expressly accepted or rejected by the offeree Members, or (ii) the expiration of thirty (30) days after delivery of such offer to the offeree Members, whichever occurs first. If any offeree Member elects to purchase less than all of his proportionate share of the offered interest, the offering Member shall give written notice to the other Members, and such other Members shall have ten (10) days from delivery of such notice to elect to purchase such remaining interest at the same price and upon the same terms previously offered to the declining Member. The remaining interest shall be allocated pro rata to the Members electing to purchase such remaining interest on the basis of the Percentage Interests then held by them (excluding the Percentage Interest then held by the offering Members and by the declining Members).

(d) *Contents of Offer.* Each offer made pursuant to this Section 13.2(d) shall include the name, mailing address and telephone number of the person or persons to whom the offering Member intends to transfer his interest, the Percentage Interest the offering Member intends to transfer to each such person, the price and other terms upon which the offering Member intends to transfer his interest, and any such other relevant information as any of the Members may request.

(e) *Transfer to Outsiders.* At the expiration of the written offers provided in subsection (c) hereof, the offering Member may transfer or otherwise dispose of such of his or her interest as none of the other Members elect to purchase to the person or persons named in the written offer at the price and upon such terms provided in the written offers to the other Members for a period of six (6) months from the termination of all such offers; provided, however, that any such transferee of such interest shall be bound by all the provisions of this Agreement.

(f) *Terms of Purchase and Payment.* If any Member elects to purchase all or any part of the transferring Member's interest in the Company in accordance with the provisions of subsection (c), the purchase must be consummated at the principal office of the Company (or at such other place as may otherwise be acceptable to the purchasing Members) within thirty (30) days following acceptance of the offer to purchase such interest. Payment of the purchase price of such interest shall be as follows as determined by the Managing Member (other than the transferring Member): (i) in cash at closing or (ii) a promissory note of the purchasing Members (together with their spouses, if any), as appropriate, the principal amount of which shall be payable over not more than ten (10) years in consecutive equal annual installments with interest determined on the basis of the applicable federal rate ("AFR") for obligations of similar maturities for the month during which such purchase becomes effective determined under section 1274 of the Code or statute of similar import. The first annual payment of principal and interest on the note shall be made not later than ninety (90) days after the anniversary of the date of purchase of the interest by the purchasing Members. The promissory note shall provide that the purchasing Members may prepay without penalty all of such installment at any time or any part of such installment at any time. Upon tender of the purchase price as provided herein, the transferring Member will execute and deliver to the purchasing Members all documents deemed necessary or appropriate, in the opinion of counsel for the Company, to evidence the transfer of his or her interest in the Company.

SECTION 14. Dissolution, Liquidation, and Termination of Company

14.1 *Dissolving Events.* The Company shall be dissolved, liquidated, and terminated upon the happening of any of the following events:

- (a) The written consent of two-thirds of the Members holding Class A Units to dissolve the Company;
 - (b) On December 31, 2075;
 - (c) The sale or other disposition of substantially all of the non-cash assets of the Company;
- or
- (d) As otherwise required by law.

None of the death, resignation, retirement, expulsion, bankruptcy, or dissolution of a Member or occurrence of any other event that terminates the continued membership of a Member in the Company shall cause or constitute a dissolution of the Company.

14.2 *Winding Up and Termination.* The business of the Company shall be wound up following its dissolution. Upon completion of the winding up, the Company shall terminate.

SECTION 15. General Provisions

15.1 *Amendment.* This Agreement may be amended by the consent of a majority in interest of the Class A Members.

15.2 **Notices.** Except as otherwise specifically provided in this Agreement, whenever any notice or other communication is required or permitted to be given hereunder, such notice or other communication shall be in writing and shall be (as elected by the party giving such notice) (a) delivered in person, or (b) sent by U.S. registered or certified mail, return receipt requested, postage prepaid to the person to whom such notice is intended to be given at such address as such person may have previously furnished in writing to the Company or to such person's last known address. Notwithstanding the foregoing, notice of meetings of the Managing Member may be sent by regular first-class mail. Any notice or other communication delivered in person shall be deemed effectively given when delivered, and any such notice or other communication mailed as hereinabove provided shall be deemed effectively given on the date of receipt.

15.3 **Power of Attorney.** Each Member hereby constitutes and appoints the Managing Member such person's true and lawful attorney-in-fact in such person's name, place and stead, to execute, acknowledge and deliver or file any certificate required by law to be filed by the Company with any governmental agency.

15.4 **Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Members, their legal representatives, transferees, heirs, successors, and assigns.

15.5 **Construction.** This Agreement shall be interpreted and construed in accordance with the laws of the State of Arizona. The titles of the Sections and Subsections herein have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms or provisions herein.

15.6 **Arbitration.** All disputes arising out of or in connection with this Agreement or any transaction hereunder shall be finally settled under the Commercial Arbitration Rules of the American Arbitration Association then in effect. The arbitrators' award shall be final and binding. Judgment upon the award rendered may be entered in any court having jurisdiction over the party against which the award is rendered. The Members expressly consent to the jurisdiction of the federal and state courts situated in Arizona for the purpose of enforcing any arbitration award rendered pursuant to this Section 15.6. The arbitration shall take place in Arizona or such other place as the parties may agree. The arbitration shall include (i) a provision that the prevailing party in such arbitration shall recover its costs of the arbitration and reasonable attorneys' fees from the other party or parties, and (ii) the amount of such fees and costs.

(Signatures appear on the following page)

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Agreement as of the date first above written.

MEMBER:

Fred Davis
FREDERICK H. DAVIS, Trustee

MEMBER:

Peggy D. Davis
PEGGY D. DAVIS, Trustee

MANAGING MEMBER:

Fred Davis
FREDERICK H. DAVIS, Trustee

MANAGING MEMBER:

Peggy D. Davis
PEGGY D. DAVIS, Trustee

STATE OF ARIZONA)

) ss.

COUNTY OF COCHISE)

On September 3, 2013, before me, the undersigned Notary Public, personally appeared Frederick H. Davis and Peggy D. Davis, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to this instrument and acknowledge to me that they executed it for the purposes set forth therein.



Paul W. Melo
Notary Public

My Commission Expires:

EXHIBIT A
Member List
of
DAVIS CATTLE COMPANY, LLC

<i>Name and Address of Member</i>	<i>Member Units</i>	<i>Percentage Interest in the Company</i>
Class A Members:		
Frederick H. Davis as Trustee of the Fred and Peggy Davis Family Trust	<u>50</u>	<u>50%</u>
Peggy D. Davis as Trustee of the Fred and Peggy Davis Family Trust	<u>50</u>	<u>50%</u>
Total Class A:	<u>100</u>	<u>100%</u>
Class B Members:		
Total Class B:		

EXHIBIT B

**Capital Contributions of
DAVIS CATTLE COMPANY, LLC**

Initial Contribution of Fred Davis	
Initial Contribution of Peggy Davis	

1/10/14

Ariz. Corp. Comm. -- Corporations Division

01/10/2014

Arizona Corporation Commission
State of Arizona Public Access System

11:37 AM

Jump To...

Scanned Documents

File Number: L-1871881-3		Check Corporate Status
Corp. Name: DAVIS CATTLE COMPANY, LLC		

Domestic Address

4156 E DAVIS RANCH RD
TOMBSTONE, AZ 85638

Statutory Agent Information

Agent Name: FREDERICK H DAVIS
Agent Mailing Address:
ATTN FREDERICK DAVIS
PO BOX 62
TOMBSTONE, AZ 85638
Agent Physical Address:
4156 E DAVIS RANCH RD
TOMBSTONE, AZ 85638
Agent Status: APPOINTED 09/05/2013
Agent Last Updated: 10/01/2013

Additional Corporate Information

Corporation Type: DOMESTIC L.L.C.	Business Type:
Incorporation Date: 09/05/2013	Corporate Life Period: PERPETUAL
Domicile: ARIZONA	County: MOHAVE
Approval Date: 10/01/2013	Original Publish Date:

Manager/Member Information

1/10/14

Ariz. Corp. Comm. -- Corporations Division

FREDERICK H DAVIS

MEMBER

4156 E DAVIS RANCH RD

TOMBSTONE, AZ 85638

Date of Taking Office: 09/05/2013

Last Updated: 10/01/2013

PEGGY D DAVIS

MEMBER

4156 E DAVIS RANCH RD

TOMBSTONE, AZ 85638

Date of Taking Office: 09/05/2013

Last Updated: 10/01/2013

Scanned Documents

(Click on gray button - if present - to view document - will open in a new window.)

(If gray button is not present, please check back later.)

04417679	ARTICLES OF ORGANIZATION	09/27/2013

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AZ CORPORATION COMMISSION
FILED

SEP 05 2013

FILE NO. L-1871881-3

AZ CORPORATION COMMISSION
FILED

SEP 27 2013

FILE NO. L-1871881-3



04417679

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

ARTICLES OF ORGANIZATION

Read the Instructions **L010i**

1. **ENTITY TYPE** - check only one to indicate the type of entity being formed:

LIMITED LIABILITY COMPANY

PROFESSIONAL LIMITED LIABILITY COMPANY

2. **ENTITY NAME** - see Instructions **L010i** for naming requirements - give the exact name of the LLC:
Davis Cattle Company, LLC

3. **PROFESSIONAL LIMITED LIABILITY COMPANY SERVICES** - If professional LLC is checked in number 1 above, describe the professional services that the professional LLC will provide (examples: law firm, accounting, medical):

4. **STATUTORY AGENT** - see Instructions **L010i**:

4.1 REQUIRED - give the name (can be an individual or an entity) and <i>physical or street address</i> (not a P.O. Box) in Arizona of the statutory agent:			4.2 OPTIONAL - mailing address in Arizona of Statutory Agent (can be a P.O. Box):		
Frederick H. Davis Statutory Agent Name			Frederick Davis Attention (optional)		
4156 E Davis Ranch Road Address 1			PO Box 62 Address 1		
Address 2 (optional) City Tombstone		AZ State	85638 Zip	Address 2 (optional) City Tombstone	
		AZ State	85638 Zip		
- 4.3 REQUIRED - the Statutory Agent Acceptance form M002 must be submitted along with these Articles of Organization.					

5. **ARIZONA KNOWN PLACE OF BUSINESS ADDRESS:**

5.1 Is the Arizona known place of business address the same as the **street address** of the statutory agent? Yes - go to number 6 and continue

No - go to number 5.2 and continue

5.2 If you answered "No" to number 5.1, give the **physical or street address** (not a P.O. Box) of the known place of business of the LLC in Arizona:

Attention (optional)			
Address 1			
Address 2 (optional)			
City		State or Province	Zip
Country			

6. **DURATION** - the duration or life period of the LLC is presumed to be perpetual *unless* one of the boxes is checked below *and* the corresponding blank is filled in:

- The LLC's life period will end on this **date**: _____ (enter a date)
 The LLC's life period will end upon the occurrence of this **event** _____ (describe an event)

COMPLETE NUMBER 7 OR NUMBER 8 - NOT BOTH.

7. **MANAGER-MANAGED LLC** - see *Instructions L010i* - check this box if management of the LLC will be vested in a manager or managers, and complete and attach the **Manager Structure Attachment** form L040. *The filing will be rejected if it is submitted without the attachment.*
8. **MEMBER-MANAGED LLC** - see *Instructions L010i* - check this box if management of the LLC will be reserved to the members, and complete and attach the **Member Structure Attachment** form L041. *The filing will be rejected if it is submitted without the attachment.*
9. **ORGANIZERS** - list the name and address, and provide the signature, of each and every organizer - minimum of one is required. If more space is needed, check this box and complete and attach the **Organizer Attachment** form L042.

Frederick H. Davis
Name
 4156 E Davis Ranch Road
Address 1
 PO Box 62
Address 2 (optional)
 Tombstone AZ 85638
City State Zip
 UNITED STATES
Country

Peggy D Davis
Name
 4156 E Davis Ranch Road
Address 1
 PO Box 62
Address 2 (optional)
 Tombstone AZ 85638
City State Zip
 UNITED STATES
Country

SIGNATURE - see Instructions L010i:

By checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

I ACCEPT

Frederick Davis
Signature
 Frederick DAVIS 9-3-13
Printed Name Date

IF SIGNING FOR AN ENTITY, CHECK ONE, FILL IN BLANK:

Corporation as Organizer - I am signing as an officer or authorized agent of a corporation and its name is:

LLC as Organizer - I am signing as a member, manager, or authorized agent of a limited liability company, and its name is:

SIGNATURE - see Instructions L010i:

By checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

I ACCEPT

Peggy D Davis
Signature
 Peggy D. Davis 9-3-13
Printed Name Date

IF SIGNING FOR AN ENTITY, CHECK ONE, FILL IN BLANK:

Corporation as Organizer - I am signing as an officer or authorized agent of a corporation and its name is:

LLC as Organizer - I am signing as a member, manager, or authorized agent of a limited liability company, and its name is:

Filing Fee: \$50.00 (regular processing) Expedited processing - add \$35.00 to filing fee. All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100
-------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------

Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
 All documents filed with the Arizona Corporation Commission are public record and are open for public inspection.
 If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

MEMBER STRUCTURE ATTACHMENT

1. **ENTITY NAME** – give the exact name of the LLC (foreign LLCs – give name in domicile state or country):

Davis Cattle Company, LLC

2. **A.C.C. FILE NUMBER** (if known): _____

Find the A.C.C. file number on the upper corner of filed documents OR on our website at: <http://www.azcc.gov/Divisions/Corporations>

3. **Check one box only to indicate what document the Attachment goes with:**

- Articles of Organization Articles of Amendment
 Application for Registration Articles of Amendment to Application for Registration

4. **MEMBERS** – give the name and address of all Members. If more space is needed, use another Member Structure Attachment form.

Frederick H. Davis			Peggy D. Davis		
Name			Name		
4156 E Davis Ramch Road			4156 E. Davis Ranch Road		
Address 1			Address 1		
Address 2 (optional)		AZ	85638	Address 2 (optional)	
Tombstone		State or Province	Zip	Tombstone	
City				AZ	
Country		UNITED STATES		State or Province	
				85638	
				City	
				Country	
				UNITED STATES	
Name			Name		
Address 1			Address 1		
Address 2 (optional)				Address 2 (optional)	
City		State or Province	Zip	City	
Country				State or Province	
				Zip	
				City	
				Country	
Name			Name		
Address 1			Address 1		
Address 2 (optional)				Address 2 (optional)	
City		State or Province	Zip	City	
Country				State or Province	
				Zip	
				City	
				Country	

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

STATUTORY AGENT ACCEPTANCE

Please read Instructions M0021

1. **ENTITY NAME** – give the exact name in Arizona of the corporation or LLC that has appointed the Statutory Agent:

Davis Cattle Company LLC

2. **A.C.C. FILE NUMBER** (if entity is already incorporated or registered in AZ):
Find the A.C.C. file number on the upper corner of filed documents OR on our website at: <http://www.azcc.gov/Divisions/Corporations>

3. **STATUTORY AGENT NAME** – give the exact name of the Statutory Agent appointed by the entity listed in number 1 above (this will be either an individual or an entity):

Frederick H. Davis

3.1 Check one box: The statutory agent is an Individual (natural person).
 The statutory agent is an Entity.

STATUTORY AGENT SIGNATURE:

By the signature appearing below, the individual or entity named in number 3 above accepts the appointment as statutory agent for the entity named in number 1 above, and acknowledges that the appointment is effective until the entity replaces the statutory agent or the statutory agent resigns, whichever occurs first.

By checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

I ACCEPT

Frederick Davis
Signature

Frederick DAVIS
Printed Name

9-3-13
Date

REQUIRED – check only one:

Individual as statutory agent: I am signing on behalf of myself as the individual

Entity as statutory agent: I am signing on behalf of the entity named as statutory agent, and I am authorized to act for that entity.

Filing Fee: none (regular processing)
Expedited processing – (available only if this form is submitted by itself) add \$35.00 to filing fee.
All fees are nonrefundable - see Instructions.

Mail: Arizona Corporation Commission - Corporate Filings Section
1300 W. Washington St., Phoenix, Arizona 85007
Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
All documents filed with the Arizona Corporation Commission are public record and are open for public inspection.
If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

RECEIVED OCT 30 2013

AFFIDAVIT OF PUBLICATION

By:
THE TOMBSTONE NEWS
525 E. ALLEN ST. #4
PO BOX 1760
TOMBSTONE, AZ 85638

ARTICLES OF
ORGANIZATION HAVE
BEEN FILED IN THE OFFICE
OF THE ARIZONA
CORPORATION
COMMISSION FOR

I. Name: DAVIS CATTLE
COMPANY, LLC. L-1871881-3

II. The address of the known
place of business is: 4156 E. Da-
vis Ranch Road Tombstone, AZ
85638

III. The name and street address
of the Statutory Agent is: Fredrick
H. Davis 4156 E. Davis Ranch
Road Tombstone, AZ 85638

A. Management of the lim-
ited liability company is vested in
a manager or managers. The names
and addresses of each person who is
manager AND each member who
owns a twenty percent or greater
interest in the capital or profits of
the limited liability company are:

B. Management of the lim-
ited liability company is reserved
to the members. The names and
addresses of each person who is a
member are:

Fredrick H. Davis
4156 E. Davis Ranch Road
Tombstone, AZ 85638
 Member Manager
Peggy D. Davis
4156 E. Davis Ranch Road
Tombstone, AZ 85638
 Member Manager

STATE OF ARIZONA
COUNTY OF COCHISE

I Samantha Nicholas, am authorized by the publisher as agent of
publication. Under oath, I state that the following is true and correct.

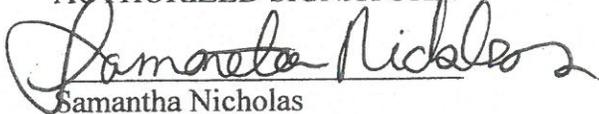
THE TOMBSTONE NEWS is a newspaper which is published
circulation and is in compliance with Arizona Revised Statutes ' ' 10-140.3
The notice has been published three (3) consecutive time(s) in the newspaper

DATES OF PUBLICATION:

- 1) October 11, 2013
- 2) October 18, 2013
- 3) October 25, 2013

TYPE OF DOCUMENT: ARTICLES OF ORGANIZATION OF DAVIS
COMPANY, LLC. L-1871881-3

AUTHORIZED SIGNATURE:



Samantha Nicholas
Legal Division
THE TOMBSTONE NEWS



BRENDA A. IKIRT
Notary Public, State of Arizona
Cochise County
My Commission Expires
May 14, 2015

SUBSCRIBED AND SWORN TO BEFORE ME ON THE

25TH DAY OF October, 2013.

NOTARY SIGNATURE: Brenda A. Ikirt

ASSIGNMENT OF GRAZING LEASE

The State Land Commissioner hereby consents to the Assignment of Lease Number
05-238 which expires on September 30, 2024

(Date of expiration)

and hereby orders that the lease and all rights therein are hereby assigned and transferred to:

DAVIS CATTLE COMPANY, LLC

**P.O. Box 62
Tombstone, Arizona 85638**

This assignment is made pursuant to application to assign the lease made by ASSIGNOR(S):

FREDERICK H. DAVIS, a married person

and pursuant to application for the assumption of said lease made by ASSIGNEE(S):

DAVIS CATTLE COMPANY, LLC

and in accordance with the laws of the State of Arizona and the rules of the State Land Department.

This assignment is made without waiver or relinquishment of any rights of the State of Arizona which may exist under the lease assigned and does not initiate any new rights to the assignee of this lease other than the rights as are set forth in the existing lease. The assignee(s) hereby assumes and agrees to perform all obligations of the lessee under the lease and accepts the lease subject to all existing terms and conditions.

Dated this 19th day of December, 2014.

State of Arizona
State Land Commissioner

By: _____



STATE LAND DEPARTMENT
STATE OF ARIZONA

GRAZING LEASE

Lease No. 05-238

THIS GRAZING LEASE is entered into by and between the State of Arizona "Lessor" by and through the Arizona State Land Department and

FREDERICK H. DAVIS, a married person
as "Lessee". In consideration of the payment of rent and of performance by the parties of each of the provisions set forth herein, the parties agree as follows:

ARTICLE 1
SUBJECT LAND

1.1 Lessor hereby leases to Lessee for the term, at the rent, and in accordance with the provisions set forth herein, the Subject Land described in Appendix A attached hereto ("Subject Land") for the uses and purposes specified in Article 4.

1.2 Lessee makes use of Subject Land "as is" and Lessor makes no express or implied warranties as to the physical condition of the Subject Land.

ARTICLE 2
TERM

2.1 The term of this Lease commences on October 1, 2014, and ends on September 30, 2024, unless terminated earlier as provided in this Lease.

ARTICLE 3
RENT

3.1 Lessee shall pay rent to Lessor for the use and occupancy of the Subject Land during the term of this Lease without offset or deduction and without notice or demand, as established, on an annual basis.

3.2 The annual base rent shall be set by Lessor in the manner established by law and paid in advance each year.

ARTICLE 6
DUTY TO INFORM LESSOR OF TOTAL RANCH HOLDINGS

6.1 At the time of making application for the Lease, Lessee shall disclose to Lessor, on a form provided by Lessor, the total acreage used for grazing within the ranch unit or units of which the Subject Land is a part. This shall include, in addition to the Subject Land, any federal land which Lessee grazes pursuant to a written lease or permit any private land owned by or used by Lessee, with a designation as to which private lands are used pursuant to written agreement. In addition, Lessee shall show, on a map form supplied by or acceptable to Lessor: (1) the approximate location of all fence lines and man-made water sources and (2) the land ownership status (state, federal, or private) of the ranch unit or units of which the land covered by this Lease is a part.

6.2 In any determination as to whether the carrying capacity of the Subject Land has been exceeded, no claimed grazing use of private or federal lands within the ranch unit or units which have not been disclosed as part of the ranch unit or units shall be considered.

6.3 For purposes of determining whether the Lessee has remained within the authorized carrying capacity under this Lease, it shall be presumed that all land within a fenced pasture (whether state, federal or private) has been grazed to the same extent by livestock placed in that pasture unless Lessee or Lessor can, based upon range suitability and management practices, demonstrate to the contrary.

ARTICLE 7
RECORDS

7.1 Lessee shall keep records showing the numbers of Lessee's livestock of different classes on the ranch unit or units, the dates put on and removed and estimated death loss.

7.2 Such records shall be retained for a minimum period of three years.

7.3 The Lessor may, upon reasonable notice to the Lessee, require the production of the records described in Paragraph 7.1 above. In the event a dispute arises concerning the numbers of cattle grazed, the Lessee shall keep all documents and records until the dispute is finally resolved.

ARTICLE 8
TAXES; ADDITIONAL AMOUNTS

8.1 Lessee shall pay all assessments and charges for utilities and communication services, and assessments imposed pursuant to any construction on the Subject Land, all permit and authorization fees, all taxes, duties, charges and assessments of every kind of nature imposed by any public, governmental or political subdivision authority pursuant to

10.6 All improvements placed upon the Subject Land by Lessee in conformance with Paragraph 10.2 shall be the property of Lessee or any successor in interest ("Owner") and shall, unless they become the property of Lessor, be subject to assessment for taxes in the name of the Owner, as other property.

10.7 The Lessee or Owner shall be entitled to reimbursement for improvements authorized in accordance with Paragraph 10.2 by any subsequent lessee or purchaser of the Subject Land upon expiration of this Lease as provided by A.R.S. § 37-322.02 or any successor statute, subject to any rights acquired by the Lessor under Paragraph 3.4.

ARTICLE 11

LESSEE'S COOPERATION; INGRESS AND EGRESS

11.1 Lessee shall cooperate with Lessor in Lessor's inspection, appraisal and management of the Subject Land and permit reasonable access by Lessor's employees to isolated State Land across Lessee's private land during the term of this Lease.

11.2 Lessee shall not interfere with the authorized activities of Lessor's employees, agents, licenses or other lessees or permittees on the Subject Land.

ARTICLE 12

LESSEE SHALL NOT PERMIT LOSS OR WASTE

12.1 Lessee shall not cause nor grant permission to another to cause any waste or loss in or upon the Subject Land. Lessee, its employees and agents shall not cut, consume or remove any timber, or standing trees that may be upon the Subject Land, without the prior written consent of Lessor, except that Lessee may cut wood for fuel for domestic uses and authorized improvements on the Subject Land. Nothing herein shall permit the cutting of saw timber for any purpose.

ARTICLE 13

NATIVE PLANTS AND CULTURAL RESOURCES

13.1 Lessee shall comply with the provisions of the Arizona Native Plant Law (A.R.S. § 3-901 et seq., or any successor statutes) and with Arizona laws relating to archaeological discoveries (A.R.S. § 41-841 et seq., or any successor statutes). Lessee shall not disturb any cacti or other protected native plants nor disturb any ruins, burial grounds or other archaeological sites except as may be permitted by these laws.

ARTICLE 14

LESSEE SHALL PROTECT THE LAND, PRODUCTS AND IMPROVEMENTS

14.1 Lessee is hereby authorized to use means which are reasonable and which do not result in a breach of the peace or in creating a concealed hazard, to protect the Subject Land and improvements against waste, damage and trespass.

16.2 Lessor reserves the right to execute leases, permits, or sales agreements covering the Subject Land for the purpose of entering upon and prospecting for, and the extraction of such reserved materials.

16.3 Lessor reserves the right to grant rights of way, easements and sites over, across, under or upon the Subject Land for public highways, railroads, utility lines, pipelines, irrigation works, flood control, drainage works, logging and other purposes.

16.4 Lessor reserves the right to relinquish to the United States land needed for irrigation works in connection with a government reclamation project and to grant or dispose of rights of way and sites for canals, reservoirs, dams, power or irrigation plants or works, railroads, tramways, transmission lines or any other purpose or use on or over the Subject Land.

16.5 In the event of such relinquishment, grants or disposal, the Lessee waives all right to any compensation whatsoever as against the Lessor except as may be allowed under the provisions of Article 17, and as limited therein.

ARTICLE 17 **CONDEMNATION AND EMINENT DOMAIN**

17.1 If at any time during the duration of this Lease the whole or any part of the Subject Land shall be taken for any quasi-public or public purpose by any person, private or public corporation, or any governmental agency having authority to exercise the power of condemnation or eminent domain pursuant to any law, this Lease shall expire on the date when the leased property is taken or acquired as to the leased property so taken or acquired. Except as set forth below, the rights of Lessee and Lessor to compensation for such taking shall be as provided by law. The Lessee shall have no compensable right or interest in the real property being condemned or interest in the unexpired term of this Lease or any renewal except as provided by law and in any event no interest greater than 10 percent of the total award for the land. The Lessor shall be entitled to and shall receive any and all awards for severance damages to remaining proceedings concerning the Subject Land. Lessee shall have the right to (1) prorated reimbursement for prepaid rent, (2) any and all awards for payments made for any authorized improvements which are taken, and (3) severance damages for any damage to Lessee's remaining ranch operation resulting from the taking.

ARTICLE 18 **WATER RIGHTS**

18.1 The Lessee shall be entitled to the use on the Subject Land of groundwater as defined in A.R.S. § 45-101, or any successor statute, for purposes consistent with this Lease. If the Lessee shall develop any groundwater on the Subject Land, he shall not acquire any rights with respect to the groundwater, except the right to use such water in accordance with applicable law, on the Subject Land during the term of this Lease.

ARTICLE 20
HOLDOVER LESSEE

20.1 Upon expiration or termination of this Lease, Lessee agrees to surrender to Lessor peaceful and uninterrupted possession of the Subject Land. Holdover tenancy by the Lessee is prohibited and shall be deemed a trespass for which Lessor may seek all appropriate civil and criminal remedies; except that a Lessee in good standing who has filed a timely application for renewal may continue to occupy and use the Subject Land, pursuant to the terms of this Lease, pending action on the renewal application by Lessor.

ARTICLE 21
INDEMNIFICATION

21.1 Except as provided by A.R.S. § 33-1551 (or its successor statutes), Lessee hereby expressly agrees to indemnify and hold Lessor harmless, or cause Lessor to be indemnified and held harmless from and against all liabilities, obligations, damages, penalties, claims, causes of action, costs, charges and expenses, including attorneys' fees and costs, which may be imposed upon or incurred by or asserted against Lessor by reason of the following: (a) any accident, injury or damage to any persons or property occurring on or about the Subject Land or any portion thereof resulting from Lessee's use of the Subject Land, (b) any use, non-use or condition of the Subject Land or any portion thereof resulting from Lessee's intentional actions or negligence, and (c) any failure on the part of Lessee to perform or comply with any of the provisions of this Lease; except such as may be the result solely of Lessor's intentional conduct or active negligence.

21.2 In case an action or proceeding is brought against Lessor by reason of any such occurrence, Lessee, upon Lessor's request and at Lessee's expense, will resist and defend such action or proceedings, or cause the same to be resisted and defended either by counsel designated by Lessee or, where such occurrence is covered by liability insurance, by counsel designated by the insurer.

21.3 Lessee shall protect, defend, indemnify and hold harmless the Lessor from and against all liabilities, obligations, losses, environmental responses, and clean up costs, charges and expenses, including attorneys' fees and court costs arising out of or related to the presence or existence of any substance regulated under any applicable Federal, State or local environmental laws, regulations or ordinances or amendments thereto because of: (a) any substance that came to be located on the Subject Land resulting from any use or occupancy of the Subject Land by the Lessee before or after the issuance of the Lease; or (b) any release, threatened release, escape, seepage, leakage, spillage, discharge or emission of any such substance in, on, under or from said Subject Land that is caused, in whole or in part, by any conduct, actions or negligence of the Lessee, regardless of when such substance came to be located on the Subject Land.

and Lessees. No provisions of this Lease shall create any vested right in Lessee except as otherwise specifically provided in this Lease.

25.3 The Lessor shall be forever wholly absolved from any liability for damages which might result to the Lessee in the event this Lease is found to be void, canceled, forfeited or terminated prior to the Expiration Date or in the event this Lease is not renewed.

25.4 If it is determined that Lessor has failed to receive title to any of the Subject Land, the Lease is null and void insofar as it relates to the land to which Lessor has failed to receive title. Lessor shall not be liable to Lessee or any assignee or sublessee for any damages that result from Lessor's failure to receive title.

25.5 In any action arising out of this Lease, the prevailing party is entitled to recover reasonable attorneys' fees incurred therein in addition to the amount of any judgment, costs and other expenses as determined by the court. In the case of Lessor, reasonable attorneys' fees shall be calculated at the reasonable market value for such services when rendered by private counsel notwithstanding that it is represented by the Arizona Attorney General's Office or by other salaried counsel.

25.6 No provisions of this Lease shall create any right or interest in Lessee to a fee interest in the Subject Land.

25.7 Any notice to be given or other documents to be delivered to Lessee or Lessor hereunder shall be in writing and delivered to Lessee or Lessor by depositing same in the United States Mail, with prepaid postage addressed as follows:

To Lessor: Arizona State Land Department
1616 West Adams Street - First Floor
Phoenix, AZ 85007

To Lessee: Address of Record

Lessee must notify Lessor within thirty (30) days by written notice of any change in address. Lessor's notice shall be deemed adequate if sent to the Lessee's best known address of record and no change of address form is on file.

25.8 This Lease shall be governed by, construed and enforced in accordance with Arizona laws.

25.9 Any attempt to assign, sublease, convey, transfer or otherwise dispose of any estate or interest in this Lease, other than pursuant to its term, shall not be effective.

25.10 This Lease, together with all attached Appendices, embodies the whole agreement of the parties. There are no other agreements or terms, oral or written. This document supersedes all previous communications, representations and agreements, oral or written, between the parties.

APPENDIX A

STATE OF ARIZONA LAND DEPARTMENT
 1616 W. ADAMS
 PHOENIX, AZ 85007

RUN DATE: 24 October 2014
 RUN TIME: 13:57 PM
 PAGE: 1

KE-LEASE# 005-000238-00-010 APPTYPE: RENEWAL
 AMENDMENT#: 0

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=====
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LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
20.0-S-24.0-E-31-02-053-1002	LOTS 1 THRU 4 E2W2 E2	11.00	639.560
20.0-S-24.0-E-32-02-030-1002	ALL	11.00	640.000
20.0-S-24.0-E-33-02-053-1002	N2 W2SW SESW NESE	8.30	480.000
21.0-S-23.0-E-13-02-031-1002	ALL	11.00	640.000
21.0-S-23.0-E-24-02-031-1002	ALL	11.00	640.000
21.0-S-23.0-E-25-02-031-1002	ALL	11.00	640.000
21.0-S-24.0-E-04-02-049-1002	LOTS 1 2 3 S2N2 S2	11.00	639.710
21.0-S-24.0-E-05-02-049-1003	SENE SE	3.40	200.000
21.0-S-24.0-E-05-02-049-1004	W2SW	1.40	80.000
21.0-S-24.0-E-06-02-049-1002	LOTS 4 THRU 7	2.40	139.900
21.0-S-24.0-E-07-02-049-1002	LOTS 1 THRU 4 E2SW SE	6.30	368.760
21.0-S-24.0-E-08-02-049-1003	NE S2	8.30	480.000
21.0-S-24.0-E-08-02-049-1004	NWNW	0.70	40.000
21.0-S-24.0-E-09-02-049-1002	W2	5.50	320.000
21.0-S-24.0-E-16-02-030-1002	NW	2.80	160.000
21.0-S-24.0-E-17-02-049-1002	N2	5.50	320.000
21.0-S-24.0-E-18-02-049-1002	LOTS 1 2 NE E2NW	5.20	304.220
	TOTALS	115.80	6,732.150

IN WITNESS HEREOF, the parties hereto have signed this Lease effective the day and year set forth previously herein.

STATE OF ARIZONA, LESSOR
Arizona State Land Commissioner

[Signature]
By: _____ Date



[Signature]
Lessee _____ Date

P.O. Box 62
Address _____

Tombstone AZ 85738
City State Zip

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

TO: Whom it May Concern
DATE: 13 February 2017
SUBJECT: Letter of Good Standing and Support (Lease #05-238)

Dear Sir or Madam,

Please accept this letter on behalf of Fred and Peggy Davis, grazing lessees with Arizona State Land Department. The Davis' grazing lease (Lease #05-238), located in Cochise County, is currently in good standing with our Department. All financial and contractual obligations of Arizona State Land Department lessee (#05-238) have been met as of the date of this letter.

The Davis family has a long history of improving rangeland quality on their ranch through progressive grazing practices and brush management. Brush management is a critical component in managing most rangelands throughout Southern Arizona. We support and appreciate the Davis family's continued dedication to range stewardship and look forward to further cooperation with the Davis Ranch on State Trust Lands.

Thank you,

A handwritten signature in black ink, appearing to read "Joshua L. Grace".

Joshua L. Grace

Range Resource Area Manager
Arizona State Land Department
3740 E. 43rd Pl.
Tucson, AZ 85713
602-370-7353
jgrace@azland.gov



THE STATE OF ARIZONA
GAME AND FISH DEPARTMENT

5000 W. CAREFREE HIGHWAY
PHOENIX, AZ 85086-5000
(602) 942 3000 • WWW.AZGFD.GOV

REGION V, 555 N. GREASEWOOD ROAD, TUCSON, AZ 85745

GOVERNOR
DOUGLAS A. DUCEY

COMMISSIONERS
CHAIRMAN, EDWARD "PAT" MADDEN, FLAGSTAFF
JAMES R. AMMONS, YUMA
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ERIC S. SPARKS, TUCSON
KURT R. DAVIS, PHOENIX

DIRECTOR
LARRY D. VOYLES

DEPUTY DIRECTOR
TY E. GRAY



2/14/2017

To: Arizona Conservation Partnership
Re: Rangeland Restoration on the Davis Ranch

To Whom it May Concern:

Mr. Fred Davis, owner and operator of the Davis Ranch near Tombstone, AZ, has requested a letter of reference as part of an application for funding to be used on a rangeland restoration project on his ranch. As the Landowner Relations Specialist for the region Mr. Davis' ranch falls under, I have had multiple opportunities to discuss rangeland restoration projects with Mr. Davis, and view the work he has completed in the past. Therefore, I feel I am qualified to provide a reference for Mr. Davis.

Mr. Davis has spent many years improving the condition of the rangeland on his ranch, and has proven to be a valuable partner in the conservation of rangeland habitat. In 2014, we provided funding to Mr. Davis to reduce brush densities with tebuthiuron, and in 2015, recommended him for funding through the Arizona Department of Agriculture for a similar project. Both projects were completed, and complimented other similar projects completed on the ranch through the Natural Resources Conservation Service. All of these projects have resulted in the reduction of undesirable woody species and an improvement in herbaceous cover, which in turn improve water infiltration and reduce erosion into the watershed. We fully support Mr. Davis' goal of improving rangeland habitat on his ranch, and expect his currently planned project will do the same.

Sincerely,

Rana Tucker
Landowner Relations Specialist
Region 5

From: ruth evelyn cowan

ruthew@psd.com

Subject: Letter of support

Date: Feb 14, 2017, 7:50:59 AM

To: Peggy Davis davispeggy@psd.com

February 14, 2017

**Arizona Conservation Partnership
P. O. Box 50518
Phoenix, AZ 85076**

RE: Letter of Support for Fred Davis:

As a member of the Hay Mountain Watershed Restoration Project which began in 2008 with four ranching neighbors, managing approximately 65,000 acres, progress continues. Four more neighboring ranchers have joined the brush management effort and we support one another's efforts.

As one of the original four, I continue to offer my support for Fred Davis's brush projects. His property borders mine, and with our combined efforts along with that of other contiguous ranches, the change in the landscape is dramatic. There is substantial watershed improvement, an increased amount of grass and wildlife habitat, as well as improvement in water hydrology.

Sincerely,

Ruth Evelyn Cowan

P.O. Box 1030

From: Wallace, Barry barry.wallace@cpsagu.com
Subject: Mesquite Turnkey pricing-2017-
Cochise,Graham,Pima,and Santa Cruz
Counties

Date: Jan 20, 2017, 10:27:57 AM

To: Gerry Gonzalez gerry.gonzalez@outlook.com

Cc: clj@sequoiafarmfoundation.org, Wallace,
Barry barry.wallace@cpsagu.com,
laddjw5@wildblue.net, davisranch@vtc.net

Gerry- Here's the turn key pricing for Mesquite aerial treatments for 2017. We (CPS) picked up some significant product discounts and pricing advantages from Dow with the registration of Sendero in Arizona. I will price fixed wing application assuming the Mesquite tracts are suitable for that type of application. These prices include Sendero plus Remedy plus Herbimax at the appropriate rates and application. Here's the new pricing:

Helicopter application @ 5
gallon volume \$89.00/ac

Fixed wing application @ 5
gallon volume \$84.00/ac

Need at least 2,000 acres to justify mobilization of the aircraft and crews.

Would you please see that the NRCS offices in the above Counties are notified.

Barry Acknowledged on 2-20-18 the pricing will remain the same in 2018.