

NEW MEXICO STATE LAND OFFICE
FIELD OPERATIONS DIVISION
SANTA FE, NM 87501
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TO: DERBIE BRINKERHOFF

Blotter

PHONE NUMBER: 1-1557 (1001) FAX NO: 1-1544

FROM: MIKE MATUSH

PHONE NUMBER: 7-5096 FAX NO: 1-5873

DATE: 1/4/01

RE: _____

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COMMENTS: WE HAVE 2, 3 ACRE LEASES NEXT TO THE
SANTAFE RIVER. BOTH HAVE MOBIL HOMES, HEAVY EQUIPMENT,
ETC. BOTH WILL HAVE FUELS + POSSIBLY USED MOTOR
OIL, ANTI FREEZE, ETC.

1/23/00 10:00 AM

Please call the number above if you have problems receiving this fax.

COMMISSIONER OF PUBLIC LANDS
NEW MEXICO STATE LAND OFFICE
STATE OF NEW MEXICO

COMMERCIAL LEASE

Conveyance	dl
Date	7-25-00
Filed	

NEW MEXICO STATE LAND OFFICE
RECORDS MANAGEMENT
DATE: 7-25-00
FILE NO. 15058275873

LEASE NO. BL-1517

THIS LEASE is entered into by and between the Commissioner of Public Lands ("Lessor") and Blotter Construction, Inc., P.O. Box 4012, Santa Fe, New Mexico 87501, ("Lessee") and made effective this 14th day of June, 2000.

1. DEFINITIONS.

A. **Approval** refers to written approval and includes only that which has been expressly approved and not anything further which might be implied.

B. **Assignment** occurs when a Lessee's right, title, and interest in a Commercial Lease is directly or indirectly transferred to another by any means, including, but not limited to:

- (1) an express conveyance or other disposition of the Lessee's interest; or,
- (2) the transfer of the Lessee's interest by operation of law, including, but not limited to, a merger, consolidation, or the like; or,
- (3) the transfer of the Lessee's interest, including, but not limited to, transfer of a stock or partnership interest; or,
- (4) the mortgage or encumbrance of the Lease other than by collateral assignment as permitted under applicable State Land Office Rules.

C. **Base Rent** is the initial monthly rental figure given for any rental amount due.

D. **Collateral Assignment** occurs when a commercial Lessee makes a conditional assignment to a creditor of the Lessee's personal property interest in the Lease and in such improvements as are approved by the Lessor, which assignment is intended to serve as collateral for the Lessee's debt.

E. **Effective Date** is the date upon which this Lease becomes binding and effective, and is the date shown in the opening paragraph above, regardless of the dates of signatures, which reflects the agreement of the parties that the term of this lease commences on that particular date.

F. **Hazardous Material** includes, but is not limited to, oil, petroleum products, explosives, PCBs, asbestos, formaldehyde, radioactive materials or waste, or other hazardous, toxic, or contaminated materials, substances, or wastes, including without limitation any substance, waste, or material which is defined or listed as "hazardous substance," "hazardous water," "hazardous material," "toxic substances," or "regulated substances," or which is otherwise controlled or regulated because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness, or reactivity, under any federal, state, or local laws, ordinances, or regulations relating to landfills, industrial hygiene, environmental protection, or the manufacture, use, generation, presence, analysis, transportation, handling, storage, treatment, or disposal of any such material, substance, or waste.

G. **Holding Over** shall mean, upon the expiration, termination, or cancellation of this Lease, any act or conduct of Lessee, including, but not limited to, the unapproved entry upon, occupancy, or use, whether continuous or

Term; affect any notice previously given to Lessee; operate as a waiver of Lessor's right to enforce payment of any Rent or other monies due or thereafter falling due; or, operate as waiver of the right of Lessor to recover possession of the Lease Premises by legal action. Lessor and Lessee agree that after commencement of any legal action or after a final order or judgment for possession of the Lease Premises or establishing Lessors' rights and remedies, Lessor may demand, receive, and collect any monies due without affecting such notice, legal action, order, or judgment. All such monies collected shall be deemed to be payments on account for Lessee's liability under this Lease.

B. Lessee understands that Lessor's receipt of any monies is governed by statute and the related regulations. Lessee agrees that Lessor's negotiation of Lessee's check or other means of payment, and crediting the proceeds of such instrument to a suspense account, does not constitute acceptance of Lessee's payment. Payment is not made until it is accepted in accordance with the statutes and regulations, which govern Lessor's operations.

C. Lessor shall have the right to apply any payments made by Lessee to satisfy Lessee's debt or obligation to Lessor at Lessor's sole discretion, and without regard to Lessee's instructions as the application of any such payment or part thereof, whether such instructions are endorsed on Lessee's check or otherwise, unless Lessor and Lessee otherwise agree, in writing, before Lessor accepts such payment. Lessor's acceptance of a check or payment by Lessee or others on Lessee's behalf shall not, in any way, affect Lessee's liability hereunder nor shall it be deemed an approval of any assignment or subletting of this Lease.

7. LIEN. To secure the payment of any rent amount that becomes due, and to satisfy all reasonable costs incurred by Lessor in recovering said rent amount, Lessee grants to Lessor a first and prior lien on any and all improvements, fixtures, and equipment placed on the Lease Premises.

8. SALE. At any time, Lessor, in its sole discretion, may offer to sell the Lease Premises, or any part, to the highest bidder. In the event Lessor decides to offer the Lease Premises for sale, Lessee may bid at such sale, provided Lessee is not in default under this Lease and Lessee complies with the bid requirements established by Lessor, with all pertinent statutes and regulations, and with the governing terms of this Lease. Nothing in this section or this Lease shall be interpreted to grant Lessee a right or an option, no matter how described or denominated, to purchase the Lease Premises in the event Lessor decides to sell the Lease Premises.

9. RESERVATIONS.

A. Lessor reserves the right to execute leases for mining purposes, including, but not limited to, the exploration, development, conservation, and production of geothermal resources, oil, natural gas, and any other minerals, natural resources, or deposits of whatsoever kind, located in, under, or upon the Lease Premises. Lessor further reserves all rights of access, ingress, and egress over, through, or across the Lease Premises that are or may become necessary or convenient to such exploration, development, conservation, or production.

B. Lessor further reserves the right to grant rights-of-way and easements over, upon, or across the Lease Premises for any purposes whatsoever, including, but not limited to, public highways, railroads, tramways, telephone, telegraph, and power lines, irrigation works, conservation, environmental or remediation studies or work, sewer lines, drainage ditches, mining, or logging.

10. PERMITTED USE.

A. Lessee shall use the Lease Premises for the sole and exclusive purposes set forth below and shall not, by such use or otherwise, make or cause any unpermitted change in the physical character of the Lease Premises:

Equipment and material storage, one (1) temporary mobile home for security purposes and a temporary equipment shop.

Commercial	ll	Survey
Date	7-25-00	
Filed		

B. The parties to this Lease acknowledge that the Lessor is not subject to municipal or county ordinances and regulations governing zoning and land use. Nevertheless, the parties agree that such ordinances and regulations provide appropriate guidelines for the use of the Lease Premises and, therefore, shall be complied with by Lessee, including permit requirements imposed under such ordinances and regulations, except where Lessor deems them in conflict with the best interests of the Trust. Lessor and Lessee shall cooperate and use their best efforts to obtain any and all appropriate governmental approvals, including state, county, and municipal approvals, as may be necessary or advisable, to facilitate Lessee's use of the Lease Premises. This clause shall not, however, grant to any third party, or to any government or municipal agency or other entity, the right to enforce this term of the Lease.

11. IMPROVEMENTS.

A. Subject to the restrictions set forth in Clause 10., "PERMITTED USE", above, Lessee shall make, or cause to be made, only the following improvements (the "Improvements"):

One (1) temporary mobile home, temporary equipment shop, utilities, i.e., water, phone, electricity, buried septic tank, and fence.

B. Except for those improvements which are a necessary part of the uses and purposes approved in Clause 11.A., above, no other improvements shall be placed on, or made for the benefit of, the Lease Premises without the Lessor's prior approval.

- (1) If any improvements are placed on, or made for the benefit of, the Lease Premises without the Lessor's approval, Lessor may elect to: (a) deem such improvements abandoned and forfeited to Lessor at the termination, cancellation, or expiration of this lease; or, (b) require Lessee to obtain approval and pay all such reasonable fines and costs as Lessor deems appropriate; or, (c) Lessor may, by written notice, order the removal of such improvements and the restoration of the Lease Premises to their condition existing prior to the placement of said improvements, all at Lessee's sole expense and at such time as Lessor may direct. The foregoing rights of Lessor shall be cumulative to Lessor's right to cancel this Lease and other legal or equitable remedies.

C. Lessee shall diligently, and at Lessee's own expense, maintain and protect from waste and trespass the Lease Premises and all improvements that might be developed, constructed, or placed on the Lease Premises.

12. OWNERSHIP OF IMPROVEMENTS TO LEASE PREMISES.

A. All improvements described in Clause 1.H.1., DEFINITIONS, above, shall, unless otherwise agreed, be and remain Lessee's property, and if, under the terms of this Lease or any related agreement, those improvements are to remain on the Lease Premises after termination, cancellation or relinquishment of this Lease, Lessee shall have the right to be paid the improvement value credit for such improvements only by the subsequent Lessee who shall then become the owner of such improvements.

B. All improvements described in Clause 1.H.1., DEFINITIONS, above, must be covered by full liability insurance, in a form and amount acceptable to the Lessor, and issued by a company approved by the Lessor, naming the Lessor as an additional insured.

- (1) The Lessee shall provide copies of the policy and all subsequent renewals to the Lessor upon issuance and each renewal.

Commercial	all	Planned
Date	7-25-00	
Filed		