

EXHIBIT “A”

AGRICULTURAL LEASE

(SPRING VALLEY RANCH PARTNERSHIP
and VANN-PETERSON FARMS PARTNERSHIP)

This Agricultural Lease (“Lease”) is made this 20th day of May, 2009, by and between SPRING VALLEY RANCH PARTNERSHIP, a California general partnership, (herein called “Landlord”), and VANN-PETERSON FARMS PARTNERSHIP, a California general partnership (herein called “Tenant”).

1. Lease of Premises. Landlord leases to Tenant, and Tenant hires from Landlord on the terms and conditions set forth herein that certain real property consisting of approximately one hundred fifty-five (155) net farmable acres and legally described on **Exhibit A** attached hereto and incorporated herein by this reference (herein called the “Premises”). Notwithstanding the date this Lease has been signed, the Lease commenced upon January 1, 2009 (the “Commencement Date”).

A. The Premises are improved with water service available from the Westside Water District, which shall be available for Tenant’s exclusive use. Tenant may provide for the pooling or transfer for periods not to exceed one (1) year of water available to the Premises so long as there shall be sufficient water available to the Premises to raise the crops upon the Premises; provided, however, that Landlord may reserve and use a portion of such water, in amounts as in Landlord reasonably determines are necessary, to supply the tailwater pond located to the north of “Field 2” as shown on that certain Farm Service Agency (“FSA”) map attached hereto as Exhibit B and incorporated herein by this reference, the livestock water troughs located at the what is commonly known as the “lower barn” located southwest of “Field 2” shown on Exhibit B, and any other livestock water

troughs, tanks or other water sources located on that certain real property to the south and west of the Premises owned by Landlord. Landlord shall pay the Westside Water District charges for all of the water used by Landlord.

B. Tenant acknowledges and agrees that the Owner is working on removing the existing olive trees which surround the former homesite area on "Field 4" as shown on Exhibit B. Until April 30, 2009, such olive trees are to be left as-is and are not to be removed or disturbed by Tenant, and Owner may remove the olive trees. After May 1, 2009, Tenant may remove said trees and plant the area to almonds.

C. During the term of this Lease, Tenant shall not hunt on the Premises, nor allow any of its employees or any other party to hunt on the Premises. During the term of this Lease, Landlord may hunt on the Premises, provided that Landlord shall provide reasonable prior notice to Tenant (which notice may be made by telephone call), and Landlord shall reasonably cooperate with Tenant in connection with any hunting activities, to avoid any hunting activities that unreasonably interfere with any of Tenant's operations on the Premises, especially during any harvest activities on the Premises. Landlord is responsible for itself and for any of its guests and invitees who are engaged in any hunting activities on the Premises (collectively, "Landlord's Hunting Invitees"). Except to the extent caused by Tenant's negligence or willful misconduct, on behalf of itself and Landlord's Hunting Invitees, Landlord hereby (i) assumes all risk of damage to property or injury to persons, in, upon or about the Premises, arising from Landlord's or Landlord's Hunting Invitees' hunting activities on the Premises, (ii) waives all

claims against Tenant arising from Landlord's or Landlord's Hunting Invitees' hunting activities on the Premises, and (iii) shall defend, indemnify, and hold Tenant harmless from and against any and all claims arising out of Landlord's or Landlord's Hunting Invitees' hunting activities on the Premises.

2. Term.

A. Initial Term. The term of this Lease shall commence on the Commencement Date and shall expire on December 31, 2033.

B. Option to Extend. If Landlord shall not have elected in writing by notice given to Tenant at least One Hundred Eighty (180) days prior to the termination of the Lease to cause the trees planted by Tenant and the irrigation system installed by Tenant on the Premises to be removed and to terminate the cultivation of the orchard planted by Tenant (which removal shall be at Landlord's sole cost and expense), prior to the April 1 following the termination of the Lease, Tenant shall have the right to enter into a new lease with Landlord on all or any portion of the Premises for up to an additional five (5) year term. To exercise such right, Tenant shall give notice that it wishes a new lease at least sixty (60) days prior to the lapse of this Lease term. The notice by Tenant shall be in writing and shall specify the number of years of the new lease, if less than the full five (5) year term is elected. The new lease shall be on the same terms as this Lease. If Landlord elects to remove the trees and irrigation system but does not provide for their removal within the period prior to April 1 following the termination of the Lease. Tenant shall continue to have the right to lease on the terms provided herein and may elect such new lease, which shall be prepared and executed by the parties on a

year-to-year crop year basis until Landlord causes the trees and improvements to be removed. If Landlord has not elected to remove the trees and irrigation system and thereafter Tenant shall not give notice that it wishes to extend this Lease, or if Tenant and Landlord extend this Lease for any period, at the termination of the new lease, Landlord may elect to have Tenant perform at Tenant's cost the work of removal of the trees and/or the irrigation system, and Tenant shall promptly perform that work and shall be entitled to any value of the materials removed.

Notwithstanding the foregoing provisions of this paragraph, neither Landlord nor Tenant shall have any further rights or obligations under this Paragraph 1.B. after the date that is five (5) years after the expiration of the Initial Term of this Lease.

3. Rent.

A. Tenant shall pay annual rent ("Rent") in the amount of One Hundred Dollars (\$100.00) per net farmable acre contained in the Premises (which are agreed for the purpose of this Paragraph 3 to be 155 net farmable acres) which equals the amount of Fifteen Thousand Five Hundred Dollars (\$15,500) per year, with the first payment of Rent payable in arrears commencing December 31, 2009, and thereafter payable in arrears on December 31 for each succeeding calendar year during the Lease term until the Percentage Rent (as defined below) calculated under Paragraph 3B below exceeds the amount of Rent payable under this Paragraph 3A. Percentage Rent shall be due and payable in accordance with the provisions of Paragraph 3B below and not according to the Rent provisions of this Paragraph 3A.

B. Percentage Rent. Commencing in the year in which the amount calculated under this Paragraph 3B with respect to the Premises exceeds the

amount due under Paragraph 3A, Tenant shall pay as annual percentage rent to Landlord ("Percentage Rent"), the sum equal to eight percent (8%) of the "Gross Value" (defined as follows). For purposes of this Lease "Gross Value" shall mean the sum equal to (i) the total amount of all proceeds Tenant may receive from the almond crop grown on the Premises, including, but not limited to, any payments received from crop insurance, the government, Farm Service Agency ("FSA") and any other revenues received by Tenant that relate to the Premises or the crops grown thereon (collectively, "Revenue"), less (ii) any reasonable costs incurred by Tenant for marketing, trucking, hulling, processing and storage, and less any governmental or industry-wide assessments or reserves or set aside requirements paid or incurred by Tenant (collectively, "Costs"). Tenant shall not be obligated to purchase crop insurance. No later than December 31, 2009, Tenant shall have caused the Premises to be planted with almond trees. Percentage Rent shall be due within twenty (20) days after the date or dates upon which Tenant receives crop proceeds. Tenant will contract to receive crop proceeds within the twelve (12) month period following each harvest.

C. At any time during the term of this Lease, Landlord may elect to receive rent by having Tenant load and deliver eight percent (8%) of the almond crop actually grown on the Premises (except for government or industry-wide program reserves), both quality and quantity being considered, to such handler as Landlord shall direct located within thirty (30) miles of the Premises (Landlord shall not have the right to harvest such crop itself). Landlord shall be responsible for reasonable costs of loading and delivery of such share of the almond crop.

Landlord shall make its election to receive such portion of the almond crop in writing and shall deliver the notice to Tenant by December 31 of any year during the Lease term to be effective no earlier than for the next crop year and shall remain in effect for subsequent years until revoked by Landlords' written notice to Tenant.

D. Unless Landlord elects to take delivery of its portion of the almond crop as specified in Paragraph 3C above, Landlord agrees that Tenant shall have the right and authority to make all elections and decisions regarding the marketing, storing, processing and disposition of the crop. Landlord understands and agrees that Tenant may have business relationships or interests in the facilities or firms providing hulling, shelling, processing, marketing, and/or storing services regarding the crops grown on the Premises. Tenant discloses to Landlord that Chico Nut Hulling and Shelling Company, LLC, and Chico Nut Company are owned by the families of the equity holders of Tenant, and these entities, together with Peter D. Peterson, Patricia Peterson, William Vann, Garnett Vann, and/or any of Tenant's partners or equity holders, and/or any other facilities or companies that are owned or controlled by any of such parties, are collectively referred to in this Lease as "Tenant Affiliated Companies." Specifically, but without limitation, Landlord consents to Tenant engaging Chico Nut Hulling and Shelling Company, LLC, a California limited liability company, and Chico Nut Company, a California corporation, and/or any other Tenant Affiliated Companies, on commercially reasonable terms to provide services to Tenant in connection with Tenant's operations on the Premises, and provided that the terms of this Paragraph below are satisfied, Landlord may not assert conflicts of interests or insist upon services being

provided by firms or persons that do not constitute Tenant Affiliated Companies. Notwithstanding the foregoing provisions of this Paragraph 3D, for purposes of calculating the Gross Value and the Percentage Rent due to Landlord in accordance with Paragraph 3B of this Lease: (i) the lesser of the following amounts shall be used in the calculation as the amount of any Cost paid by the Tenant to a Tenant Affiliated Company: (A) the actual amount of such Cost; and (B) the average amount of such cost or expense that constitutes the Cost, as paid by Tenant in Colusa County with respect to the same variety of almond crops as are grown on the Premises, provided that any such Cost shall be subject to reasonable adjustment for additional mileage or other costs of transportation or other expenses specific to the Premises; and (ii) the greater of the following amounts shall be used in the calculation as the amount of any Revenue received by the Tenant from a Tenant Affiliated Company: (A) the actual amount of such Revenue; and (B) the average amount of the crop prices or other proceeds which constitute the Revenue, as received by Tenant in Colusa County with respect to the same variety of almond crops as are grown on the Premises, provided that the amount of any such proceeds shall be subject to reasonable adjustment for increases in size or quality of the specific almond crops grown on the Premises.

E. Unless Landlord elects to take delivery of its percentage of the crop grown on the Premises as provided in Paragraph 3C above, at no time shall the Percentage Rent, including crop insurance and any industry or government payments related to the crop, be less than the amounts of Rent for the Premises as described in Paragraph 3A and Tenant shall pay the difference in cash monies

within one (1) year of December 31 of the crop year in which the crop was harvested.

F. Tenant shall keep or cause to be kept accurate, full and adequate books, accounts, and other records showing all revenue derived from the Premises and costs and expenses relating to the Premises paid by Tenant, since such items are necessary to calculate the "Gross Value" as described in Paragraph 3.B above. Such records shall be kept and maintained in accordance with generally accepted accounting principles consistently applied. Within 120 days after each crop is harvested, Tenant shall provide to Landlord harvest and yield reports, which shall include, without limitation, any and all scale tickets, warehouse receipts and similar data showing the amount of the total crop received. Within ninety (90) days after the end of each calendar year during the term of the Lease, Tenant shall deliver to Landlord an annual statement that shall specifically include a statement of gross revenue derived from the Premises, an itemized statement of Percentage Rent and Tenant's calculation of "Gross Value."

Landlord shall have the right, following reasonable notice to Tenant, to review and audit Tenant's books and records described in this Paragraph 3.F regarding the production of almonds grown upon the Premises, all revenues from the almond crop grown on the Premises, and all costs and expenses relating to the almond crop grown on the Premises that were used to calculate Gross Revenue under this Lease. Landlord shall pay the costs of such audit, provided, however, that if a discrepancy of five percent (5%) or more is discovered, Tenant shall

promptly pay to Landlord the amount of all reasonable costs incurred by Landlord as a result of such reasonable audit.

4. Taxes and Assessments. Landlord shall pay all Colusa County real property taxes, general and special assessments, and other charges levied on or assessed against the Premises during the term of this Lease. Tenant shall reimburse Landlord within thirty (30) days after receipt of a paid tax bill for the payment of any real property taxes, general or special assessments and other charges specifically levied or assessed against the improvements (almond trees, irrigation system, etc.) placed upon the Premises by Tenant in accordance with the terms of this Lease.

5. Agricultural Operations. During the term of this Lease, the Premises shall be used by Tenant only for the purposes of planting and thereafter caring for an almond orchard and activities reasonably related thereto. All operations incident to the planting of crops and cultural practices related to those crops shall be carried on according to the best levels of husbandry practiced in the county where the Premises are situated. In that regard, "levels of husbandry" shall include typical orchard practices including pollination, pruning, replanting, herbicide application, pesticide application, mummy control, weed abatement and rodent control. Tenant shall pay all cultural costs, including utility charges and all other expenses directly incurred in connection with the production of crops during the term of this Lease. Landlord and Tenant shall pay all water related charges as follows: All water availability charges and water user fees of Westside Water District shall be paid on a 50/50 basis. Tenant shall pay the water charge and service charge of Westside Water District. Notwithstanding anything to the contrary herein, Tenant shall have the right to

grant a security interest in all of Tenant's interest in crops grown on the Premises, on commercially reasonable terms and conditions to secure annual crop financing.

6. Maintenance of Premises. Tenant shall maintain the Premises and the improvements thereon, including any and all roads, pumps, and irrigation systems, in at least as good order and repair as existed on the Commencement Date, reasonable wear and tear excepted. Tenant shall maintain the Premises in a neat and clean condition, and will cause all bottles, cans, and other litter and trash to be picked up and removed from the Premises.

7. Alterations and Improvements. Tenant, at Tenant's sole expense, may level, may install fertilization systems, additional wells, irrigation systems, dams, levees, and drainage systems, may plant orchards on the Premises, and may erect such structures as may be required by such activities, as Tenant shall determine, provided that Tenant shall not construct any house or barn on the Premises, and provided further, that Tenant shall only store chemicals on the Premises that will be used on the Premises. Title to all trees and fixtures placed on the Premises by Tenant and remaining upon the Premises at termination, shall become the property of Landlord upon termination of this Lease. Tenant shall keep the Premises free and clear of any and all liens, claims, and demands for work performed, materials, furnished, or operations conducted at the instance and request of Tenant, except as provided in Paragraph 13 hereafter.

8. Waste; Compliance with Governmental Regulations. Tenant shall not commit or permit others to commit waste or any nuisance on the Premises. Tenant at Tenant's expense shall comply with all local, state, and federal laws, ordinances, statutes, and regulations concerning Tenant's use of the Premises, but Tenant shall have no

obligation or responsibility whatsoever relating to any condition or event existing or occurring prior to the Commencement Date; provided, however, that Tenant shall be responsible to the extent that Tenant, or Tenant's agents, employees or invitees, worsens a condition existing before the Commencement Date. Without limiting the generality of the foregoing, Tenant shall at all times and in all respects relating to Tenant's use of the Premises comply with all federal, state, and local laws, ordinances and regulations relating to environmental protection, and use, generation, storage, transportation, and disposal of petroleum-based products any other substances that are or that contain components which are hazardous, toxic, harmful, or dangerous or are designated as a pollutant (collectively "Hazardous Substances") (collectively "Hazardous Substances Laws"). Tenant shall not use the Premises for storage of fuels, lubricants, or agricultural chemicals, including fertilizer and biocides, except in reasonable quantities as may be occasioned by Tenant's activity on the Premises. Tenant shall not dispose of any Hazardous Substances on the Premises except Tenant may apply agricultural chemicals, provided Tenant obtains all necessary permits, licenses and other government or regulatory approvals required for such use and gives all notices required by law or regulations, and applies such chemicals in accordance with Hazardous Substances Laws and prudent industry practices regarding management of such Hazardous Substances. Tenant shall be responsible for all spills and leaks of Hazardous Substances on the Premises caused by or resulting from its activities, including the cost of investigation, cleanup, and all associated fines and penalties, and Tenant agrees to indemnify, defend and hold Landlord free and harmless from and against any and all costs, including experts fees and reasonable attorneys' fees, charges, claims, damages, liabilities, losses,

forfeitures and penalties arising from or related to in whole or in part, directly or indirectly, by (A) Tenant's use, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Substances to, in, on, under, about or from the Premises as a result of the conduct of Tenant, or (B) Tenant's failure to comply with any Hazardous Substances Laws. Tenant agrees that it shall comply with all storm water and wastewater discharge statutes, ordinances and regulations that may apply to the Premises. In this regard, Tenant shall comply with all monitoring requirements and shall indemnify, defend and hold Landlord free and harmless from any charges, monetary costs, fines, penalties, or damages resulting from Tenant's failure to comply with all storm water and waste water discharge regulations. For purposes of the indemnity provisions hereof, any act or omission of Tenant, or by employees, agents, assignees, contractors or subcontractors of Tenant or others acting for or on behalf of Tenant shall be strictly attributable to Tenant. Tenant shall immediately notify Landlord in writing of any enforcement, cleanup, removal or other action and any claim relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Substance. Tenant shall also supply to Landlord as promptly as possible, all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use thereof. The provisions of this Paragraph 8 shall survive the termination of this Lease.

9. Oil Gas, and Mineral Rights. Landlord reserves all rights in all minerals, oil, gas, and other hydrocarbons located on or under the Premises. Landlord and Landlord's agents and licensees shall have a right of entry and right of way for ingress and egress in, to, over, and on the Premises during the term of this Lease for the

exploration, drilling, and mining of minerals, oil, gas, and other hydrocarbons on the Premises; provided, however, Landlord shall reimburse Tenant for any substantial cost or damage, including loss of income, that Tenant sustains as result of any material interference with Tenant's agricultural operations conducted on the Premises during the term of this Lease arising from such exploration, drilling, or mining operations by Landlord or its agent.

10. Insurance. During the term of this Lease, Tenant, at Tenant's expense, shall maintain public liability and property damage insurance with a single limit of not less than Two Million Dollars (\$2,000,000.00) for protection against liability to the public arising as an incident to the use of or resulting from any accident occurring in, on or about the Premises. The policy shall name Landlord as an additional insured with cross liability endorsements. The parties agree to periodically meet throughout the term of this Lease to review and determine inflationary trends with regard to appropriate limits of insurance coverage to insure that in future years the amount of insurance coverage is increased to provide similar coverage to the \$2,000,000.00 policy limits in effect at the commencement of the term of this Lease. With respect to each policy of insurance required by this Lease, the insurer shall be an insurer admitted in California reasonably acceptable to Landlord, and the policy shall provide that it shall not be cancelled or changed except upon thirty (30) days written notice to Landlord. Tenant shall provide Landlord with a certificate of such insurance coverage promptly following the full execution of this Lease. If Tenant defaults in the obligation to maintain insurance, as provided herein, Landlord may take out such policies of insurance and pay the premium therefor, which premium amount shall become due from Tenant to Landlord upon

demand as additional rent. In addition to the foregoing, Tenant shall maintain during the term of this Lease, at Tenant's expense, proper and adequate worker's compensation insurance as required by law.

11. Indemnification. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses which arise during or after the term of this Lease and are caused by or result from any of the activities or operations of Tenant, its agents, employees or invitees on or about the Premises, except those arising out of the Landlord's gross negligence or willful misconduct. The provisions of this Paragraph 11 shall survive the termination of this Lease.

12. Assignment and Subleasing. Except as provided in this Paragraph and in Paragraph 13 below, Tenant shall not assign this Lease or any right hereunder or any right or privilege appurtenant to the Premises without Landlord's prior written consent, which shall not be unreasonably withheld. Tenant shall have the right to assign the Tenant's rights and obligations under this Lease to any entity in which William Vann, Garnett Vann, and/or Peter D. Peterson, their spouses, issue or heirs, own more than a fifty percent (50%) interest upon written notification to Landlord and without any further consent by Landlord, provided such entity and all owners thereof agree in writing to be fully bound by all terms and conditions of this Lease. Tenant shall have the right to encumber crops grown by Tenant without Landlord's consent, but subject to the terms of this Lease.

13. Agreement to Permit Granting of Security Interest in or Assignment of Leasehold Interest for Security.

A. Landlord understands that Tenant will be borrowing extensive amounts of money to provide for the development of permanent crops and the cultivation of the Premises and for other business purposes. Landlord is unwilling to pledge fee title to the Premises as security for a loan obtained by Tenant. Landlord understands that it will be necessary for Tenant to provide to any lender a right for that lender, should Tenant default or be unable to make the payments under that loan, to take the position of Tenant under the terms of this Lease. Landlord understands and agrees to that security mechanism. Tenant may, without Landlord's consent, encumber the Tenant's leasehold interest in the Premises, Tenants' interest in this Lease, and Tenant's interest in permanent plantings and improvements placed on the Premises by Tenant and the annual crops produced therefrom, with a leasehold mortgage, leasehold deed of trust, collateral assignment of lease, security agreement or other security interest (each a "Leasehold Security Document") securing a loan or loans obtained by Tenant, subject to the following:

(i) The Leasehold Security Document does not encumber Landlord's fee simple interest in the Premises.

(ii) The disbursed principal amount of the loan secured by the Leasehold Security Document does not exceed the actual costs incurred by Tenant in constructing improvements and planting trees and permanent plantings on the Premises, and crop cultural costs incurred by Tenant in connection with such

plantings on the Premises. The Leasehold Security Document may also secure (1) interest on such principal sum, (2) further advances made by the Lender to preserve the value and usefulness of the security and (3) expenses incurred by the Lender.

(iii) The maturity date of the loan secured by the Leasehold Security Document is no later than the expiration of the initial term of this Lease.

B. Provided that the Tenant has provided written notice to Landlord of the address of any Lender for such Lender's receipt of notices under this Lease, then Landlord shall provide to each holder of a Leasehold Security Document (a "Lender"), simultaneous with notice to Tenant, notices of default by Tenant under this Lease. Landlord agrees that such notice of breach ("Breach Notice") to Tenant shall not be effective unless and until a copy of such notice has been given to Lender as provided in this Lease. All rights of Landlord to terminate this Lease, repossess the Premises or exercise any remedy against Tenant are subject to and conditioned upon Landlord's providing to Lender notice and opportunity to cure as set forth in this Paragraph 13.

C. If the breach of the Lease described in the Breach Notice is not cured by Tenant within the time prescribed by Paragraph 14 of this Lease, Lender shall have an additional sixty (60) days (after the end of Tenant's cure period) to cure such breach or, if the nature of the breach is such that it cannot be cured within sixty (60) days, Lender shall have such additional period as may be reasonably required to cure such breach, provided that Lender has commenced the

cure within the sixty (60) day period and diligently pursues such cure to completion.

D. Landlord may not terminate the Lease, repossess the Premises or exercise any remedy against Tenant if a breach is not susceptible of cure by Lender or is personal to Tenant or Tenant fails to discharge any lien on the Premises which is subordinate to the lien of Lender's lien; provided (a) any breach of a payment obligation due to Landlord under Paragraphs 3, 4 or 10 of this Lease is cured within the period provided for in Paragraph 13C above, and (b) Lender is either diligently proceeding to foreclose the Leasehold Security Document or such foreclosure is stayed by court order, bankruptcy or other judicial process. If Lender is stayed or prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy, debtor rehabilitation or insolvency proceedings involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in this Lease for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that (a) Lender shall have fully cured any payment obligation due to Landlord under Paragraphs 3, 4, and 10 of this Lease within the time period set forth in Paragraph 13C above, and (b) Lender diligently attempts to remove any such stay or prohibition.

E. Landlord shall give Lender notice if the Lease is terminated for any reason other than the expiration of the stated term thereof including, without limitation, by reason of a default by Tenant, or the rejection or disaffirmance of the

Lease pursuant to a proceeding under the Bankruptcy Code or any other law affecting creditor's rights. Lender shall have the right within sixty (60) days after receipt of notice of such termination to demand a new lease covering the Premises for a term to commence on the date of procurement by Landlord of possession of the Premises and to expire on the same date as the Lease would have expired if it had otherwise continued uninterrupted until its scheduled date of termination. The new lease shall have the same priority as the Lease, and the tenant under the new lease shall have the same right, title and interest in the Premises and improvements thereon as Tenant had under the Lease. Such new lease shall be executed and delivered by Landlord to Lender within thirty (30) days after receipt by Landlord of written notice from Lender of such election and upon payment by Lender of all sums owing by Tenant under the provisions of the Lease (less the rent and other income actually collected by Landlord in the meantime from any subtenants or other occupants of the Premises or from crops growing on the Premises). Upon Lender's exercise of its right to a new lease, Landlord covenants to execute such deeds and assignments as may be necessary or desirable to convey title to improvements, fixtures, personal property and all other rights appurtenant to the Premises to Lender which were owned by Tenant under the Lease. The obligations under this paragraph shall survive the termination of this Lease.

F. Tenant's failure to cure any breach under the Lease is an event of default under the Leasehold Security Document giving Lender the right to foreclose. No foreclosure action by Lender nor any foreclosure sale nor any deed in

lieu of foreclosure shall require Landlord's consent or give rise to any breach under this Lease.

G. Upon a foreclosure or deed in lieu of foreclosure of the Leasehold Security Document granted by Tenant to a Lender upon its interests in this Lease, Landlord shall recognize Lender, or any other foreclosure sale purchaser, or any grantee of a deed in lieu of such foreclosure (collectively, a "Successor") as the lessee under this Lease.

H. If a Successor acquires the Tenant's interest under this Lease, then the Successor shall have the right to assign the lessee's interest under the Lease without Landlord's consent. In the event of an assignment under this provision, other than by mortgage or pledge, the Successor shall be deemed to be released and discharged from all obligations on the Lease accruing after the assignment, provided such assignment is in writing, the assignee assumes all obligations under the Lease accruing after such assignment, the assignment sets forth the assignee's address for receiving notices, and a copy of the assignment is mailed to Landlord within ten (10) days after its execution. Nothing herein, however, shall be construed as a waiver of the requirement that the written consent of Landlord be obtained with respect to any subsequent assignment of the Lease as set forth in Paragraph 12 of this Lease.

I. If a Successor acquires the Tenant's interest under this Lease, then the Successor shall be liable only for the Tenant's obligations that accrue under this Lease for the period of time that the Successor is the Tenant thereunder and in possession of the Premises.

J. Landlord agrees that unless Lender acquires the Tenant's interest under the Lease through foreclosure or deed in lieu and obtains possession of the Premises, Lender has no obligation under the Lease and has no obligation to cure any breach thereof. In no event shall Lender have any obligation to indemnify or defend Landlord or otherwise be liable to Landlord under Paragraphs 8 or 11 of this Lease or otherwise with respect to occurrences, events, or activities of Tenant (including without limitation with respect to environmental liabilities relating to spills or releases or with respect to personal injury), occurring prior to the date Lender acquires Tenant's interest in this Lease and possession of the Premises.

K. Notwithstanding Paragraph 16 of this Lease, Tenant shall not subordinate this Lease to any lender to Landlord (or its successor) unless such lender agrees to recognize and be bound by this Lease, including, without limitation, Lender's cure rights hereunder. Any mortgage or deed of trust on the Premises that is executed by Landlord after the date of this Lease shall contain a provision that the Lease shall not be disturbed in the event of the foreclosure or deed in lieu of foreclosure of such mortgage or deed of trust, provided that no material default or breach of the Lease has occurred that remains uncured after any applicable cure period, including any cure period provided to Lender under this Lease.

L. Unless ordered by the Arbitrator in accordance with Paragraph 19 following Landlord's compliance with Paragraphs 13B and 13C and subject to Paragraph 13D, Tenant shall not have any right to terminate the Lease or surrender the Premises or Lease to Landlord without Lender's written consent.

Unless ordered by the Arbitrator in accordance with Paragraph 19 in case of Tenant's default, Landlord shall not accept from or permit termination by Tenant without Lender's written consent. Landlord shall not agree to any mutual termination nor accept any surrender of the Lease or Premises (except upon the expiration of the term of this Lease as provided for in the Lease or unless ordered by the Arbitrator in accordance with Paragraph 19 in case of Tenant's default) nor shall Landlord consent to any material amendment or modification of this Lease, without the prior written consent of Lender.

M. Landlord subordinates any lien or right to lien arising by statute, agreement or otherwise on any of Tenant's improvements, fixtures, equipment, structures, personal property, intangibles and crops or proceeds thereof to any interest that Lender may have in said property.

N. Nothing in the Leasehold Security Document shall be deemed or construed to relieve Tenant from the full and faithful observance and performance of its covenants, conditions and agreements contained in the Lease, or from any liability for the nonobservance or nonperformance thereof, or to require or provide for the subordination to the lien of the Deed of Trust of any estate, right, title or interest of Landlord in or to the Premises or the Lease.

O. The acquisition by Tenant of fee title to the Premises, whether pursuant to the provisions of the Lease or otherwise, shall not, without Lender's written consent, cause a termination of the Lease or a merger of Tenant's interest with the fee title.

P. If there shall be filed by or against Landlord a petition under the Bankruptcy Code, 11 U.S.C. Section 101, *et seq.*, (the "Bankruptcy Code"), Landlord agrees that, if it elects to reject the Lease pursuant to the provisions of Section 365 of the Bankruptcy Code, Lender shall have the right to make the election under either subparagraph (i) or subparagraph (ii) of Section 365(h)(1)(A) of the Bankruptcy Code; provided, however, that if Lender fails to make such election within the time required by the bankruptcy court, then Lender shall be deemed to have elected for the Tenant to retain its rights under the Lease pursuant to Section 365(h)(1)(A)(ii) of the Bankruptcy Code.

Q. If there shall be filed by or against Landlord a petition under the Bankruptcy Code and if Landlord offers for sale in connection with such bankruptcy proceeding (whether pursuant to Section 363 of the Bankruptcy Code or otherwise) the fee interest in the Premises free of the interest of the Lease, Landlord agrees to give Lender notice of such proposed sale. Nothing herein shall constitute a waiver by Lender or Tenant of any right to oppose or condition such a sale.

R. Landlord agrees to execute an agreement substantially similar to the terms of this Paragraph 13 in favor of a Lender, in form reasonably acceptable to Landlord, and consent to the recordation of such agreement in the record of Colusa County, California. The provisions of this Paragraph 13 shall be self operative, however, and shall benefit any Lender without the necessity of such separate agreement.

14. Default. All covenants contained in this Lease are declared to be conditions. If Tenant shall fail to pay any amount of money or taxes or fails to carry

insurance as required herein, Tenant shall be in breach of this Lease unless Tenant corrects such failure within ten (10) business days after written notice from Landlord of such failure. If Tenant fails to perform any other covenant or otherwise breach any other term hereof, which failure or breach shall remain uncorrected for a period of thirty (30) days after written notice from Landlord specifying the nature of the breach, then Tenant shall be in default under the terms of this Lease; however, if the nature of the breach is such that it cannot reasonably be cured within the thirty (30) day period then Tenant shall not be in default under the terms of this Lease as long as Tenant commenced the cure within the thirty (30) day period and diligently pursues such cure to completion. Notice of default shall be provided to any Lender of Tenant as specified in Paragraph 13.B above. If Tenant is in default under the terms of this Lease, Landlord shall have the right, subject to Paragraph 13 of this Lease, to terminate this Lease and Tenant's rights in the Premises, to reenter and take possession of all crops (harvested or unharvested), to remove all persons and property from the Premises, and to recover all damages including but not limited to any court costs, attorney's fees, and expert witness costs to which Landlord shall be entitled. Any sums not paid by Tenant to Landlord when due shall bear interest at eight percent (8%) per annum. The summary remedy provided in this paragraph is optional on the part of Landlord and is not to be construed as Landlord's sole remedy or to supplant any other legal or equitable remedies available to Landlord, but it shall be construed only as cumulative with and in addition to any other legal or equitable remedies.

15. Condition of Premises. Tenant represents and warrants to Landlord that Tenant has examined the Premises and the improvements thereon and accepts the same in

their condition as of the commencement of the term. Tenant further represents and warrants to Landlord that Tenant's acceptance of the Premises is based solely upon such inspection and not upon any representation or warranty by Landlord or Landlord's agents.

16. Subordination. This Lease is and shall be prior to any encumbrance now of record and any encumbrance recorded after the date of this Lease affecting the Premises. If, however, a lender to landlord requires that this Lease be subordinate to any such encumbrance, this Lease shall be subordinate to that encumbrance, if Landlord first obtains from that lender a written agreement that provides substantially the following: "As long as Tenant performs its obligations under the Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrances, shall affect Tenant's rights under the Lease nor the rights of any Lender to Tenant secured by the Tenants' interest in the Lease."

17. Waiver. Waiver by Landlord or any of the terms or conditions set forth herein on the part of Tenant to be kept or performed shall not be construed as constituting a waiver of the same or any other term of condition as to any breach or default subsequently arising.

18. Time of the Essence. Time is of the essence in this Lease.

19. Arbitration.

A. Any dispute, controversy or claim arising in connection with this Lease shall be settled by binding arbitration if so requested by any party hereto pursuant to Paragraph B below. The arbitration shall be conducted by a single arbitrator, who shall be appointed pursuant to JAMS rules. The arbitration

shall be held in Sacramento, California and shall be conducted in accordance with the commercial arbitration rules of JAMS, except that the rules set forth in this Paragraph 19 shall govern such arbitration to the extent they conflict with the rules of JAMS.

B. Upon written notice by a party to the other party of a request for arbitration hereunder, the parties shall use their best efforts to cause the arbitration to be conducted in an expeditious manner. All other procedural matters shall be within the discretion of the arbitrator. In the event a party fails to comply with the procedures in any arbitration in a manner deemed material by the arbitrator, the arbitrator shall fix a reasonable period of time for compliance and, if the party does not comply within said period, a remedy deemed just by the arbitrator, including an award of default, may be imposed.

C. The arbitrator's authority to grant remedies shall be limited to those remedies that could be granted or awarded by a judge of the Superior Court of the State of California applying California law to the claims asserted. The arbitrator shall prepare and provide to the parties a written decision on all matters subject to the arbitration, including factual findings and the reasons that form the basis of the arbitrator's decision. The arbitrator shall not have the power to commit errors of law, and the award of the arbitrator shall be vacated or corrected for any such error or any other grounds specified in California Code of Civil Procedure Section 1286.2 or Section 1286.6. The award of the arbitrator shall be mailed to the parties no later than thirty (30) days after the close of the arbitration hearing. The arbitration proceedings shall be reported by a certified shorthand court reporter.

Written transcripts of the proceedings shall be prepared and made available to the parties. In any arbitration proceedings, the parties shall have the right to discovery in accordance with California Code of Civil Procedure Section 1283.05.

D. The determination of the arbitrator shall be final and binding on the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The parties shall each be responsible for their own expenses in connection with such arbitration, including, without limitation, fees and costs of counsel and experts; provided, however, that the losing party shall pay the cost of the arbitrator and of JAMS.

20. Inspection. Landlord and Landlord's agents shall have the right to enter the Premises at all reasonable times to exercise Landlord's rights under this Lease and to inspect the Premises to determine whether Tenant is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect Landlord's interest in the Premises.

21. Right of First Offer. In the event that Tenant decides to sell its leasehold improvements to any person, other than a person or persons identified in Paragraph 12 above as an approved assignee or sublessee, Tenant shall first offer the opportunity to purchase the leasehold improvements to Landlord, provided, however, that if at such time a Leasehold Security Document is in effect, Tenant may do so and such offer shall be effective only under the following terms and circumstances:

A. Unless Lender shall consent to the price and terms of Tenant's offer to Landlord, the sale price shall include sufficient cash monies to pay

the loan secured by the Leasehold Security Document (including principal, interest, fees and prepayment penalties) in full.

B. Contemporaneous with the conveyance of the leasehold improvements by Tenant to Landlord, the Loan secured by the Leasehold Security Document (including all principal, interest, fees, and prepayment penalties) is paid in full regardless of the price paid for the leasehold improvements.

22. Cooperation regarding requirements of the Bureau of Reclamation or other agencies under the 1902 Reclamation Act of the similar land ownership or leasing limitations. The parties recognize that under the 1902 Reclamation Act as amended, including the amendments occurring in 1982 and 1992, there are various land ownership limitations and leasing limitations which may apply to the leased premises and other lands owned or leased by Tenant or its members. The parties understand and agree that the full applicability, interpretation and effect of those laws, or any other laws or regulations adopted hereafter limiting or restricting land ownership or leasing, are so uncertain that the parties must provide for an allocation of responsibility in regard to compliance with those requirements.

A. The parties therefore agree as follows:

(i) Landlord will reasonably cooperate in making any election, declaration of value, or election regarding the terms or exercise of any voting right relating to the 1902 Reclamation law or any regulations enforcing those laws or the voting of the Westside Water District or any successor of that District, which Tenant shall reasonably request; provided, however, Tenant shall pay any additional costs of such election or designation incurred by Landlord, except that any extra

cost or expense incurred by Landlord caused by other interest in real property owned by Landlord in other properties shall be borne by Landlord alone.

(ii) Landlord will not incur any obligation or ownership hereafter which would make more expensive or burdensome the performance of the Lease by Tenant. If any additional costs are required to be borne by Tenant as a result of elections, changes in ownership or leasing status by Landlord under the Reclamation Law or similar regulations, Landlord shall bear those costs and expense incurred by Tenant.

23. Notices. Any notice, demand, approval, consent, or other communication required or desired to be given under this Lease in writing shall be given in the manner set forth herein, addressed to the party to be served at the addresses set forth below, or at such other address for which that party may have given notice under the provisions of this Paragraph 23. Any notice, demand, approval, consent, or other communication given by (a) mail shall be deemed to have been given on the second (2nd) business day immediately following the date it was deposited in the United States mail, first class and postage prepaid; (b) overnight common carrier courier service shall be deemed to be given on the business day (not including Saturday) immediately following the date it was deposited with such common carrier; (c) delivery in person or by messenger shall be deemed to have been given upon delivery in person or by messenger; or (d) electronic facsimile shall be deemed to have been given upon receipt on that day, or on the next business day if the facsimile is not received on a business day (provided that, notices given by facsimile shall not be effective unless the sending party also sends the notice by

one other method permitted under this Paragraph not later than one business day after sending the facsimile):

To Landlord: SPRING VALLEY RANCH PARTNERSHIP
c/o North Sacramento Land Co.

[REDACTED]
Attn: Robert J. Slobe
Fax: (916) 925-2307

To Tenant: VANN –PETERSON FARMS PARTNERSHIP
365 Ruggieri Way
Williams, California 95987
Attn: Garnett Vann
Fax: (530) 473-2327

and

VANN–PETERSON FARMS PARTNERSHIP
P. O. Box 3668
Chico, CA 95927-3668
Attn: Peter D. Peterson
Fax: (530) 891-0359

Copies of Notices given to Tenant shall be delivered to any Lender to Tenant as provided in Paragraph 13.

24. Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

25. Memorandum of Lease. The parties hereto shall execute and acknowledge for recording a memorandum of this Lease for the purpose of giving constructive notice of Tenant's interest in the Premises. If this Lease shall terminate for any reason, then Tenant shall forthwith on demand, and in no event later than ten (10) business days after Tenant's receipt of Landlord's written request, execute, acknowledge and deliver to

Landlord a quitclaim deed on this Lease to the Premises to eliminate said memorandum as a cloud on Landlord's title to the Premises.

26. Lease Binding on Landlord's Successors. In the event Landlord transfers, mortgages or hypothecates any interest in the Premises or the Lease, such interest shall be subject to the Tenant's or any successor's interest in the Premises and Lease. In the event any third party acquires Landlord's title to or possession of the Premises, it will recognize Tenant's or any successor's interest in the Premises and Lease and shall not disturb Tenant's or any successor's quiet enjoyment thereof for any reason other than one which would entitle Landlord to terminate the Lease under its terms.

27. Entire Agreement. This instrument, including the exhibits, constitutes the entire agreement between the parties relating to the rights granted and the obligations regarding the Premises. Any oral representations or modifications concerning this instrument shall be of no force or effect unless contained in a subsequent written modification signed by the party to be charged.

28. Title. On or before the full execution of this Lease, Tenant may obtain a policy of title insurance from First American Title Company insuring title in such form as acceptable to Tenant in Tenant's absolute discretion.

29. Surrender. Tenant shall quietly and peacefully vacate the Premises and surrender possession thereof to Landlord immediately upon any involuntary termination of this Lease or upon the date of natural expiration of this Lease. Upon any termination of this Lease, Tenant shall promptly remove all of Tenant's property from the Premises, excluding the trees and any personal property that would cause damage to the Premises to be removed. At Landlord's election, any such personal property that is required to be

removed but has not removed within thirty (30) days after termination of this Lease shall become the property of Landlord.

30. Headings. The titles or heading to the articles and sections of this Lease are not a part of this Lease and shall have no effect on the construction or interpretation of any part of this Lease.

31. Drafting. Each of the parties hereto agree that this Lease is the product of joint draftsmanship and negotiation and that should any of the terms be determined by a court, or in any type of quasi-judicial or other proceeding, to be vague, ambiguous and/or unintelligible, that the same sentences, phrases, clauses or other wordage or language of any kind shall not be construed against the drafting party in accordance with California Civil Code Section 1654, and that each such party to this Agreement waives the effect of such statute.

32. Legal Costs. If any party to this Lease shall take any action to enforce this Lease or bring any action or commence any arbitration for any relief against any other party, declaratory or otherwise, arising out of this Lease, the losing party shall pay to the prevailing party a reasonable sum for attorneys' and experts' fees and costs incurred in taking such action, bringing such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' and experts' fees and costs due hereunder shall be determined by a court of competent jurisdiction and not by a jury. For the purposes of this Paragraph, attorneys' and experts' fees and costs shall include, without limitation, fees incurred in the

following: (a) postjudgment motions; (b) contempt proceedings; (c) garnishment, levy, and debtor and third party examinations; (d) discovery; (e) bankruptcy litigation; and (f) appeals.

33. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California and venue for any legal proceeding arising under or relating to this Agreement shall be proper only in Sacramento County.

34. Authority. Each individual executing this Lease on behalf of an entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such entity and that this Lease is binding on such entity in accordance with its terms.

35. Days of Week. A “business day” as used herein, shall mean any day other than a Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a day other than a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day. The time in which any act is to be done hereunder is computed by excluding the first day and including the last day.

[Remainder of page intentionally left blank]


36. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original (including copies sent to a party by facsimile transmission) as against the party signing such counterpart, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written at Colusa County, California.

LANDLORD:

SPRING VALLEY RANCH PARTNERSHIP,
a California general partnership

By: North Sacramento Land Co.,
a California corporation, its General Partner

By: 
Robert J. Slobe, President

TENANT:

VANN-PETERSON FARMS PARTNERSHIP, a
a California general partnership

By: _____
Peter D. Peterson, its General Partner

By: _____
Patricia Peterson, its General Partner

By: VANN FAMILY TWO, LLC, a California
limited liability company, its General
Partner

By: _____
William B. Vann, Manager

By: _____
Garnett A. Vann, Manager

Exhibits:

A – Legal Description of the Premises

36. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original (including copies sent to a party by facsimile transmission) as against the party signing such counterpart, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written at Colusa County, California.

LANDLORD:

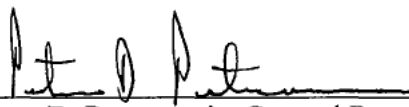
SPRING VALLEY RANCH PARTNERSHIP,
a California general partnership


By: North Sacramento Land Co.,
a California corporation, its General Partner

By: _____
Robert J. Slobe, President

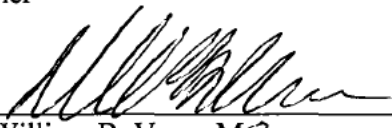
TENANT:

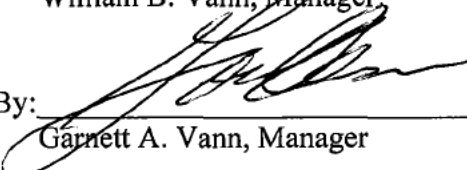
VANN-PETERSON FARMS PARTNERSHIP, a
a California general partnership

By: 
Peter D. Peterson, its General Partner

By: 
Patricia Peterson, its General Partner

By: VANN FAMILY TWO, LLC, a California
limited liability company, its General
Partner

By: 
William B. Vann, Manager

By: 
Garnett A. Vann, Manager

Exhibits:

A – Legal Description of the Premises

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

The land referred to in this Lease as the "Premises" is described as follows:
The three fields that are marked as "Field 2," "Field 3," and "Field 4," on the drawing attached hereto as Exhibit B, that collectively contain approximately one hundred sixty (160) acres, and that constitute a portion of the following described property:

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LEGAL DESCRIPTION

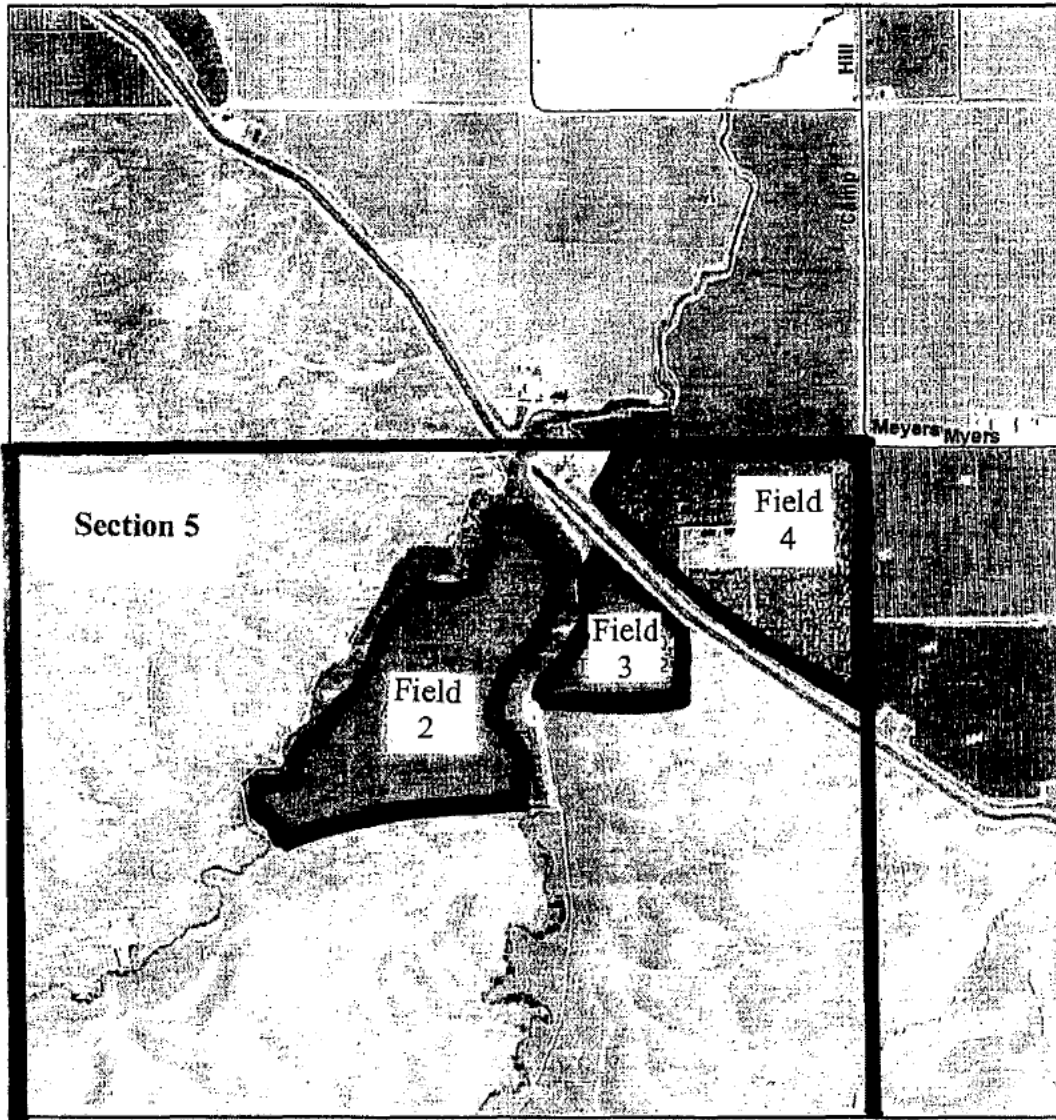
Real property in the unincorporated area of the County of Colusa, State of California, described as follows:



APN: 018-060-015, 018-060-016, 018-060-017 and 018-060-018

EXHIBIT B

FSA MAP



Tract 6112
Farm 776

