

Sample Grazing Lease Agreement

Recitals

The goal of the XR Ranch is to sustainably maintain existing grasslands and brushlands, and provide for and conserve native wildlife and plant communities within the property. Livestock grazing is one tool by which this can be accomplished. The objective of this grazing lease is to fashion a tool mutually beneficial to the XR Ranch and to the lessee for accomplishing these goals and providing foraging opportunities for the lessee's livestock at a fair rate.

1. Parties

The following lease agreement is hereby entered into by _____, of the XR Ranch (lessor), and _____, lessee.

2. Period of Agreement

This lease agreement will last for the period of _____ 201__ through _____ 201__.

3. Land description

The lands available for grazing consist of a total of _____ acres, divided among _____ pastures.

The legal description of the property is as follows:

_____ Sections _____ Township(s) _____ Range(s)
_____ in _____ County.

4. Available Forage

“Available forage” refers to the quantity of grazable forage that can both be sustainably harvested by livestock, and can be physically reached by them for grazing.

“Sustainable harvest” will be defined in terms of how much forage remains at the end of the grazing season. For this we follow the University of California's Residual Dry Matter system, whereby proper grazing is defined by leaving a minimum of 300-2,100 lbs dry forage residues per acre as measured just prior to the first fall rains. The minimum amount depends on grassland type, amount of woody plant cover, and slope. See Bartolome et al., 2002 (attached). A consulting range management specialist will determine the appropriate minimum RDM levels for the various grazable sites on the ranch. This amount can be subtracted from the estimated level of production in pounds per acre by rangeland soil type to estimate the supportable animal stocking rate.

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5. Computation of rent, payment dates:

- a. The basis for calculating rent shall be \$_____ per Animal Unit Month (1 AUM = 780 lbs forage, dry matter basis). Animal Unit Months will be estimated by the method given below¹). Minimum rent shall be based on 50% of the available AUMs estimated in an unfavorable growing season (USDA-NRCS Soil Survey). The minimum rent thus calculated shall be _____ AUMs x 50% = _____ AUMs x \$_____/AUM = \$_____.

At the end of the grazing season, the actual number of AUMs used shall be multiplied by the AUM rate above (\$_____), and the amount of rent shall be the larger of either this calculation (AUMs used x \$_____/AUM) or the minimum rent specified in the paragraph directly above.

¹Animal Unit Month (AUM) determination:

- i. First, the animal unit equivalent (AUE) will be calculated. An AUE is the estimated average live weight of an animal divided by 1,000 lbs (1 animal unit). Thus, the AUE for bulls averaging 1,350 pounds, live weight, would be $1,350 / 1,000 = 1.35$ AUE. For nursing cows with calves older than 2 mos, 0.25 AUE should be added to their AUE estimate to reflect forage consumption by their calves. The weights of some animals, particularly stockers and heifers, would be expected to change over time. For these an average weight across the grazing period would be appropriate. Weights can be arrived at via a mutually agreed eyeball estimate, or, preferably, sale receipts that include weights, truck weights with animal counts, or direct measurement of representative animals on scales.
- ii. Then the AUE will be multiplied by the number of animals of each type grazed on the property during each year. This gives the total Animal Units (AU) for that class of animal for the grazing season. For instance, 45 stocker cattle averaging 750 lbs (0.75 AUE) would be $0.75 \text{ AUE} \times 45 \text{ hd} = 33.75 \text{ AU}$.
- iii. Next, the AUs for each class of animals will be multiplied by the number of months, or fraction thereof, that they were grazing on the property. This gives the "Animal Unit Months" (AUMs). For instance, if there were 50 AUs of cows grazing 8.3 months, they would consume $50 \text{ AU} \times 8.3 \text{ months} = 415 \text{ AUMs}$ worth of forage.
- iv. Finally, the AUMs for each class of animal will be added together into a single total. That total must be less than the available forage estimated for the property, which will be provided by November 30 each year. *More grazing than this amount can only be taken with written authorization from the XR Ranch.*

Should documentation be brought to the XR Ranch which establishes an amount of grazing in excess of the allowed amount, additional AUMs will be assessed to the lessee at a rate of \$36/AUM. Excessive removal of forage may be considered grounds for termination of the lease agreement.

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b. Rent shall be payable as follows:

\$_____ when livestock are placed on pasture, \$_____ on or before _____,
201____. and the remainder when all livestock are removed, but not later than _____,
201____.

Default in any such payment shall constitute grounds for termination of the lease, at which time the entire annual payment shall become due and payable, and shall be forfeited as liquidated damages for breach of the lease.

6. Duties of the lessee

[Example]

The lessee shall:

- a. Communicate shipping dates (cattle to ranch or removed from ranch) at least two (2) weeks prior to the event;
- b. Pay for any labor or materials expended by XR Ranch personnel for infrastructure damage by cattle, or gathering/moving animals in the event that the lessee is unavailable to do so themselves in a timely manner;
- c. Be available to address fence-breaching, animal health/injury issues, or other matter specifically related to the welfare of the animals and the XR Ranch grazing lands within 12 hours unless otherwise approved by an authorized representative of the XR Ranch.
- d. Be the owner, or have legal authorization as an agent of the owner, of the cattle. The lessee further attests that it is authorized to agree to this contract and to transport, manage, and dispose of the cattle per the terms of this agreement.

7. Duties of the lessor

[Example]

The XR Ranch shall:

- a. Provide for maintenance, and repair of roads, fences, cattleguards and gates;
- b. Maintain working livestock water facilities at all established locations; the HROA is not responsible for failure of watering facilities resulting from extended drought or other natural phenomena;
- c. Provide for weed control along roadways and within the primary XR Ranch facilities.
- d. Provide a barn for hay and equipment storage
- e. Provide an on-site office facility
- f. Be responsible for payment of all property taxes on grazed lands

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8. Shared responsibilities

[Examples]

The parties will:

- a. Communicate desires to terminate or make alterations to this agreement between June 1st and August 31st every second (renewal) year, after the completion of the first trial year;
- b. Split evenly the costs of any supplemental water provided for cattle as the result of drought or other natural causes for the first 30 days. Further provisions of supplemental water must be agreed to by both parties in writing, specifying the maximum amount and period of time it will continue without further agreements;

9. Other responsibilities

The party whose name appears in the blanks below agrees to assume the indicated responsibility (cross out and initial items not included in the lease.)

	Responsible Party
Inspect fences at least annually	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide labor for repair of fences	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide materials for repair of fences	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Supervise supply of water available to livestock	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide labor for repair of water system	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide materials for repair of water system	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide salt and minerals	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Count livestock at start/end of season	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Return stray animals to pasture	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Call veterinarian in case of emergency	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Pay veterinary expenses	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide loading and unloading facilities	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch
Provide supplementary feed, if needed	<input type="checkbox"/> Lessee <input type="checkbox"/> XR Ranch

10. Right of entry

Both parties, and agents or employees thereof, shall have the right to enter the grazing lands at any time for any legitimate purpose. Gates shall be closed upon entering and leaving the premises unless otherwise agreed.

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11. Arbitration

- a. Failure of either the lessor or the lessee to comply with the agreements set forth in this lease shall make them liable for damages to the other party. Any claim by either party for such damages shall be presented, in writing, to the other party, at least ____ days before the termination of this lease.
- b. Any disagreements between the lessor and the lessee shall be referred to a board of three disinterested persons, one of whom shall be appointed by the lessor, one by the tenant, and the third by the two thus appointed. The decision of these three shall be considered binding by the parties to this lease unless a matter of law or a sum exceeding \$_____ is involved. Any cost for such arbitration shall be shared equally by the two parties to this lease.

12. Termination. This Agreement may be terminated by Lessee or Lessor upon seven (7) days written notice to either party if one party determines that the other party is not materially performing their duties in accordance with the terms hereof. In the event of termination by Lessee, all AUM fees up to the point of livestock removal will be due by the time the animals are removed from the property.

13. Miscellaneous.

- a. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent, or partnership, or joint venture, or any association between XR Ranch and the Lessee, and no other provisions contained in this Agreement nor any acts of the parties shall be deemed to create any relationship other than XR Ranch and the Lessee.
- b. This Agreement shall be governed by and construed in accordance with the laws of the California, with a venue in _____ County.
- c. **WAIVER OF LIABILITY.** THE Lessee, VOLUNTARILY AND WITHOUT RECOURSE, RELEASES AND DISCHARGES HROA AND ITS AGENTS AND EMPLOYEES, ACTING OFFICIALLY OR OTHERWISE, FROM ALL CLAIMS, DEMANDS, ACTIONS, OR CAUSES OF ACTION RESULTING FROM ANY LOSS, INJURY OR DAMAGE TO THE CATTLE AS A RESULT OF ACTS OR OMISSIONS BY THESE PARTIES.
- d. The parties agree that the facsimile copies of this agreement will be considered to be original and legal documents.
- e. The parties agreed that requirements for written agreement and/or notice include e-mail and fax communications.

9. Obligation of heirs and assigns

The terms of this lease shall be binding upon the heirs and assigns of both parties.

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10. Executed in duplicate on the date written in item one

IN WITNESS WHEREOF, the parties have executed this Agreement, which is in effect the date first written above.

Lessor
XR Ranch

Lessee

By: _____

By: _____

Name of Agent: _____

Name of Agent: _____

Title of Agent: _____

Title of Agent: _____

Date: _____

Date: _____