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Epworth IA
52045

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DELAWARE COUNTY IOWA
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BOOK 8 PAGE 105
DEBORAH L. PEYTON
DELAWARE CO RECORDER
$21.00

Prepared by Dick Hood, Edgewood Feedmill , PO Box 366, Edgewood, Iowa 52042

WASTE DISPOSAL LEASE AGREEMENT

THIS IS AN AGREEMENT entered into this 14 day of August, 1998 by and between Dean State (P.O.Box) (hereinafter "Operator"), which operates or will operate a swine facility located at 1646 - 110 St Strawberry Point Iowa 52076 and Gerald & Marjorie Pennington (hereinafter "Owner") with an address of 105 Woods Edge Dr. Edgewood, Iowa 52042

In consideration of the mutual covenants and promises herein contained, the parties agree as follows:

1. Grant of Lease. Owner does hereby grant unto Operator, its successors and assigns, a lease for a period of twenty (20) years from and after the date hereof for the purpose of depositing all animal waste products excluding animals parts from livestock operations conducted on the above described premises owned or operated by Operator, together with the right of entrance and exits at convenient points for such purposes and including the right to bring and maintain all equipment for the period necessary to deposit and disseminate said animal waste products on, over, across, and through the premises now owned by Owner, which are described as follows:

94 Acres in NE¼

The Part of Section 3, Township Honey Creek Plat Range T90-N- R-5-W of the 5th P.M. Delaware County, Iowa (state). Total Acres 94.

The legal description of Operator's facility is as follows:

Parcel "A" of the Northeast Quarter of the Northwest Quarter Section 7, Township 90 North, Range 5 West of 5th PM Delaware County Iowa

2. Time of Disposal. Unless otherwise consented to be Owner, said right to enter the above-described real estate of Owner and to deposit said waste products is limited in time to the time following harvesting of the crop grown thereon by Owner, its successors and assigns, up to and not later than June 1, of the next crop year, or other dates as agreed upon by Owner and Operator.

Said Lease shall further be limited by a maximum amount of waste products to be deposited upon said real estate. The maximum amount shall be mutually agreed upon by the parties hereto based upon the analysis of the soil and an analysis of the waste products taking into account the intended farming use of the real estate by Owner, its successors and assigns.

Operator shall have the right, but not the obligation to apply animal waste products to Owner's property above described. At a rate not to exceed the nutrient uptake requirement of the crop. Owner guarantees Operator the right to apply a minimum of 125 pounds of nitrogen per acre along with potassium and potash each year to the property described in Section 1 of this agreement.

If the parties are unable to mutually agree upon the maximum amount of waste to be deposited under this Agreement, then the parties agree to submit samples of soil and waste to Iowa State University, Ames, Iowa, and to abide by their recommendation as to the maximum amount of waste that can be deposited upon said real estate taking into account Owner's intended farming use of said real estate. Should Iowa State University not be able to render said advice, then the samples shall be submitted to another credible laboratory of the parties' choice. The cost of said analysis shall be borne equally by the parties hereto.

3. Benefit. It is agreed that the Lease herein conveyed and granted shall inure to the benefit of Operator, its successors and assigns and shall pass automatically with a conveyance or transfer of possession of Operator, Owner represents that it has the full right and power to enter into the Lease granted herein.

4. No Minimum. The fact that this Agreement has been granted to Operator in no wayobligates Operator or commits Operator to deposit any waste whatsoever upon the above described land. Subject to the limitations on the maximum amount of waste, Operator its successors and assigns shall have full right to determine the amounts of waste to be deposited on said property

5. Operator's Discontinuance of Business. In the event the Operator or its successors and assigns ceases to raise livestock on its premises for a continuous period of five (5) years, this Lease shall terminate.

6. Alternative Site. In the event Owner desires that Operator not apply animal waste tothe property described in Section 1, Owner may obtain at its sole expense an alternative site within (1) mile by established road from the closest boundary of Operator for appliation of the animal waste products in accordance with this Agreement. In the event such site is more than one (1) mile established road from the closest boundary of the Operator premises, then Owner agrees to pay all transportation costs to get the animal waste products and effuent from the Operator's premises to the site for application.

7. Covenant Running with the Land. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives and shall be deemed as a covenant running with the land.

8. Compensation. Owner, its successors and assigns, agree to pay Operator, its successors and assigns, reasonable compensation for the cost of spreading and applying the animal waste products herein before described.

Future reasonable compensation will be determined by the parties each year depending on the circumstances in the local agricultural economy at the time, and if the parties are unable to mutually agree upon the reasonable compensation for any certain year, then the parties agree to submit the question to Iowa State University, Ames, Iowa and to abide by its recommendation of the fair compensation. Further, in the event Iowa State University is not able to render said advice, then each party shall select an expert and

the two (2) experts shall select a third expert, and then, the three (3) experts shall make a recommendation concerning the reasonable compensation for the year and the parties agree to abide by said recommendation. Finally, if the three(3) experts cannot agree, then the reasonable compensation for the year shall be the average of the three(3) expert opinions.

IN WITNESS WHEREOF, the parties hereto have executed this Waste Disposal Lease Agreement the year and date first above written.

OPERATOR
R. Dean State

OWNER
Gerald Perrinjaquet
Marjorie Perrinjaquet

STATE OF Iowa
COUNTY OF Delaware

The foregoing was acknowledged before me this 14th day of August 1998, by Dean State, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Richard H. Hood
Notary Public
Richard H. Hood

STATE OF IOWA
COUNTY OF Delaware

The foregoing was acknowledged before me this 14th day of August 1998, by Gerald Perrinjaquet, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Richard H. Hood
Notary Public
Richard H. Hood

ATTACHMENT A
TO MANURE DISPOSAL LEASE AGREEMENT

1. Operator agrees to indemnify and hold harmless Owner from any claims for injury to property owned or operated on Owner's land by the Operator and from any damage to property or persons, including employees of the Operator, that may result from Operator's use of Owner's property.

2. Operator further agrees to pay within thirty (30) days after demand is made by the Owner for any damages Operator may have caused to Owner's property.

3. Operator further agrees to hold harmless Owner from any claims, civil or criminal, arising from any claims by local, State, or Federal Governments of Violations of any laws, rules, or regulations caused by Operator or his employees caused by the hauling or spreading of manure on the leased premises.

4. Operator agrees to put maximum of _____gallons per acre unless Owner requests Operator to apply more.

5. Operator agrees to sample each building's pit and supply Owner with the nutrient analysis of said manure.

6. Owner will have decision making in regard to the following options:
   A. Operator will apply the manure to Owner's ground at the cost of .0045 cents per gallon per acre paid by Owner or 22.00$ per acre per 5000 gal. paid by Owner.

   B. Operator will provide a chopper pump at no cost to Owner, Owner will provide labor, tractor,applicator unit and any additional pumps needed.

   C. Owner will apply waste at his own expense.

   Above dollar figures will be adjusted utilizing the Consumer Price Index (CPI) for each new year utilizing the previous years CPI rate. i.e., (1997 rate will be in example A. $22.00 x CPI% = rate change. Rate change + Ex. A = new year price.)

OPERATOR

R. Dean State

OWNER

Gerald Perrinjaquet

Marjorie Perrinjaquet