

ROCK AND GRAVEL LEASE

This Agreement, made and entered into by and between Earl & Lucille Schalkle (Social Security #480-36-8110) of Madison County, Iowa, hereinafter referred to as Lessor, and Schildberg Construction Co., Inc. of Greenfield, Adair County, Iowa, hereinafter referred to as Lessee,

WITNESSETH:

THAT WHEREAS, lessors are the owners of the following described real estate situated in Madison County, Iowa, to-wit:

- 2 Acres in SE Corner of W 1/2 of NE 1/4 (2 acres)
E 1/2 of NW 1/4 of SE 1/4 except 1.50 acres of cemetery (14.5 acres)
SE 1/4 of the SE 1/4 (40 acres)
1.50 Acres in SE Corner of NE 1/4 of the SE 1/4 (1.50 acres)
all in Section 10, Township 76N, Range 29 West of the 5th P.M. of Madison County, Iowa.

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STATE OF IOWA, MADISON COUNTY, ss. Inst. No. 1611 Filed for Record this 11 day of March 1988 at 2:33 PM Book 38 Page 279 Recording Fee 10.00 Mary E. Welty, Recorder, By Betty M. Nicks Deputy Clerk

AND WHEREAS, it is believed that rock and gravel deposits suitable for agricultural limestone, concrete aggregate, road material and other purposes are located on the above described real estate and lessee is desirous of quarrying and processing rock and gravel on said real estate and removing it there from.

1. Now, therefore, the lessor for and in consideration of the sum of One Dollar in hand paid, the receipt of which is hereby acknowledged, and in consideration of the covenants and agreements herein contained and the payment of money specified does hereby sell and convey to the lessee all the rock, gravel and like material located on the above described premises and the lessor also hereby gives and grants to said lessee, his heirs and assigns, the exclusive right to enter upon said real estate for the purpose of developing, quarrying, crushing, or otherwise processing said rock and gravel and like material, and removing said rock, gravel and like material from said real estate.

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2. It is hereby agreed that this lease shall remain in force for a term of Ten (10) years from this date, provided, further if such rock, gravel or other material is being actually quarried, processed and removed from said real estate and further time is required in order to quarry, process and remove the same, then the lessee, his heirs and assigns, may continue to quarry, process and remove the same for such further period as may be necessary to enable lessee to remove all of said rock, gravel and like material.

3. It is further agreed that if lessee does not commence to quarry or process rock, gravel or like material from said real estate on or before one (1) year from the date hereof, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessors credit at the Earliham Savings Bank at Earliham, Iowa 50072 the sum \$100.00 which shall operate as a down payment on the royalty and shall cover the privilege of deferring the commencement of the quarrying and processing of said rock, gravel and like material for twelve months from said date. Said payment of \$100.00 is to be deducted from the first royalty payments due lessor.

4. It is also agreed that in consideration of all conditions and provisions of this agreement, lessee shall pay lessor for the exclusive right to quarry and remove rock, gravel and like material from said premises as follows:

- I. Ten (10¢) cents per cubic yard for gravel.
II. Ten (10¢) cents per cubic yard or (10¢) ten cents per ton if scales are available, for crushed rock.
III. Ten (10¢) cents per ton for pulverized limestones.

In arriving at the amount of royalties to be paid for crushed rock, gravel and pulverized limestone the by-products shall not be considered, in determining the amount of crushed rock, gravel and pulverized limestone and the lessee shall not pay for said by-products.

5. It is agreed the lessee shall have the right to ingress and egress on, over and across real estate to any rock or gravel deposits thereon and that lessor will, if required by lessee, fence said right of way. Lessee shall pay for all damages to crops caused by prospecting or developing said rock and gravel, shall fill up all holes caused in said prospecting and shall not locate a right of way or quarry closer than 300 feet to the buildings now on said premises, without the written consent of the lessor.

6. It is further agreed that lessee, its heirs, successors and assigns, shall have exclusive right, privilege and option to construct, erect, operate and maintain such washing, crushing, processing, quarrying or other plants, roads, machinery, appliances, pipe lines, and all other necessary equipment including electric and telephone poles and wires on said real estate and with the full right of lessee, its successors and assigns, thereafter, remove all structures, appliances, machinery and like from said real estate providing all royalties are paid in full. Said plants may be removed and re-erected at various times under this lease.

7. It is further agreed that on the abandonment of the quarry or the termination of this lease, the land shall be left in the same condition it is in at said time and that the lessee shall not be required to restore said land to its original condition or to fill in any holes or to level said land.

8. Lessor hereby warrants and agrees to defend the title to the real estate above described and agrees that lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes, or other liens on the above described real estate, in the event of default of payment by the lessor, and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by the lessee for the lessor shall be deducted from any account of money which may be due or may become due the lessor under the terms of this lease.

9. It is agreed by and between the parties hereto that the lessee, its heirs, successors, and assigns, may terminate this agreement by giving the lessor sixty days notice in writing by certified mail of such termination.

THIS AGREEMENT and all the covenants and conditions of this lease shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, and assigns of the respective parties hereto.

In witness whereof, we have hereunto subscribed our names this 9th day of March, 1988.

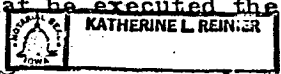
Margaret Sue Wallace POA for
Earl and Lucille Schelke

SCHILDBERG CONSTRUCTION CO., INC.

By: Mark I Schildberg

STATE OF IOWA :
: ss
Adair COUNTY:

On this 1st day of March, 1988, before me a notary public in and for Adair County, Iowa personally appeared Mark I Schildberg for Schildberg Const. Co., Inc., to me known to be the person named in and who executed the foregoing instrument and acknowledged that he executed the same as his voluntary act and deed.



Katherine L Reimer
Notary Public in and for Adair County,

STATE OF Iowa :
: ss
Linn COUNTY:
On this 9th day of March, 1988, before me a notary public in and for Linn County, Iowa personally appeared Margaret Sue Wallace to me known to be the persons named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed.

Nancy L Strand
Notary Public in and for Linn County,