

LAND LEASE AGREEMENT  
PURSUANT TO THE  
NEVADA-FLORIDA LAND EXCHANGE  
AUTHORIZATION ACT OF 1988

(PUB. L. NO. 100-275; 102 STAT. 52)

THIS LAND LEASE AGREEMENT (referred to hereinafter as the "LEASE") is entered into by and between AEROJET-GENERAL CORPORATION, an Ohio Corporation ("AEROJET" or "LESSEE") and the UNITED STATES OF AMERICA, acting through the Secretary of the Interior (the "SECRETARY" or "LESSOR"). AEROJET and the SECRETARY are collectively referred to as "THE PARTIES".

W I T N E S S E T H :

In recognition of good and valuable consideration, and the mutual covenants contained herein and contained in the LAND EXCHANGE AGREEMENT BETWEEN AEROJET-GENERAL CORPORATION AND THE UNITED STATES OF AMERICA executed by THE PARTIES on or about June 14, 1988 (the "EXCHANGE AGREEMENT"), and intending to be legally bound hereby, the SECRETARY AND AEROJET agree with each other as follows:

ARTICLE 1. Lease Agreement

A. The SECRETARY hereby leases to AEROJET approximately thirteen thousand seven hundred sixty seven acres (13,767), more or less, of public lands located in Clark and Lincoln counties, Nevada, as described in Exhibit A hereto and incorporated by

reference herein and as generally depicted as "To Be Leased to Aerojet" upon the map entitled "Public Domain Lands to be Exchanged and Leased to Aerojet-General Corporation, Clark and Lincoln Counties, Nevada" dated October 1987, and available for public inspection in the Office of the Secretary (the "LAND").

B. This lease is issued pursuant and subject to the terms of the "Nevada-Florida Land Exchange Authorization Act of 1988" (the "Act") (Pub. L. No. 100-275; 102 Stat. 52). The PARTIES agree that in the case of any inconsistency between the terms of this LEASE and the Act, the provisions of the Act shall prevail.

ARTICLE 2. Term

A. The term of this LEASE shall commence on the date Aerojet receives patent and interim conveyance to those lands to be conveyed pursuant to the (EXCHANGE AGREEMENT) (hereinafter referred to as the "commencement date").

B. The initial term of this lease shall be for a period of ninety-nine (99) years beginning on the commencement date. The term of this lease shall thereafter be extended automatically for an additional ninety-nine (99) years at no rental and upon all the terms, conditions, covenants and provisions set forth herein; provided, however, that AEROJET may cancel this lease, effective as of the date of the expiration of the initial term by giving the SECRETARY written notice of such cancellation at least one (1) year prior to the date of expiration of the initial term. The extension of this

LEASE shall be automatic without the necessity of any new lease or other instruments or agreements or any notice being executed or given. Hereinafter, all references to the term of this lease shall be deemed to be a reference as well to the additional period of time for which the lease shall be so extended.

ARTICLE 3. Rent

A. This LEASE is made all entered into in accordance with the direction of the Act and is in consideration of mutual promises and covenants made herein and made pursuant to the EXCHANGE AGREEMENT. Accordingly, no rentals, fees, costs, expenses, or obligations of any kind or nature whatsoever relating to the LAND shall be paid to the SECRETARY by AEROJET during the term of this LEASE.

ARTICLE 4. Use of the Land

A. During the term of the LEASE, AEROJET shall be entitled to use the LAND for purposes of constructing and operating roads, utility lines, storage facilities and wells.

B. AEROJET shall further be entitled to use the LAND for any other lawful purpose which the SECRETARY may authorize, subject only to the requirements of the Act and to reasonable requirements the SECRETARY may establish for the protection of the desert tortoise and any other species of fish, wildlife, or plants. The SECRETARY shall, within thirty (30) days, consider

any request made by AEROJET pursuant to this paragraph and make a final determination. The SECRETARY shall not unreasonably withhold authorization for use of the LAND.

C. This LEASE shall not be construed as relieving AEROJET of any obligations it may have under federal, state, and local laws and regulations, to the extent such laws and regulations are consistent with the Act, with respect to obtaining necessary permits prior to commencing any activities on the LAND.

D. Except as otherwise required by law, the SECRETARY or any of the agencies, departments, subdivisions or services of the Department of the Interior shall not oppose any application to any federal, state or local government agency for permits or other approvals necessary to conduct activities on LAND that is consistent with the provisions of this LEASE.

ARTICLE 5. Assignment

A. AEROJET may, with the consent of the SECRETARY, assign (in whole or in part or parts) this LEASE. AEROJET agrees to furnish the SECRETARY written request for consent to assignment thirty (30) days prior to any assignment, together with the name and address of the assignee. The SECRETARY agrees to consider any request for assignment and to make a final determination within thirty (30) days. The SECRETARY shall not unreasonably withhold consent to any assignment. Upon any such assignment, AEROJET shall be relieved of all

further obligations hereunder and shall no longer have any liability under this lease with respect to the Land (if assigned in whole) or with respect to that portion of the LAND assigned (if assigned in part).

ARTICLE 6. Access to the Land

A. The SECRETARY shall, upon reasonable notice to AEROJET and accordance with applicable law, have reasonable access to the LAND to monitor: the pumping of groundwater from the LAND; the conditions of endangered or threatened species on the LAND; the impact of any activity occurring on the LAND on wildlife and plants, including (but not limited to) endangered or threatened species. It is expressly understood that the LAND shall not be opened to public access or to anyone other than the SECRETARY or his agent or lawful designee.

B. The SECRETARY must obtain advance approval from AEROJET (which will not be unreasonably withheld) for each entry and must conduct the entry during regular business hours at a time and date and over a prescribed route to be determined by AEROJET.

ARTICLE 7. Improvements

A. AEROJET shall have the right, at its own cost and expense, to construct on any part of the LAND, at any time, roads, storage facilities, utility lines, wells, and other similar improvements.

B. AEROJET may, at its option and at its own cost and expense, at any time, make such alterations, changes, replacements, improvements and additions to any structures and improvements on the LAND, as it may deem desirable. including the demolition of any structure(s) or improvement(s) that is now or may hereafter be situated or erected on the LAND.

C. Until the expiration or sooner termination of this LEASE, title to any structure(s) or improvement(s) situated or erected on the LAND and the equipment and other items installed thereon and any change, alteration or addition thereto, shall remain solely in AEROJET.

D. On the last day or sooner termination of this LEASE, AEROJET shall quit and surrender the LAND, and the structures and permanent improvements then thereon.

ARTICLE 8. Utility Easements

A. AEROJET shall have the right to enter into reasonable agreements with utility companies creating easements in favor of such companies as required in order to service AEROJET's utility needs on the LAND and AEROJET's needs with respect to surrounding lands which AEROJET does now or will hereafter own in fee. The SECRETARY covenants and agrees to consent to such agreements and to execute any and all documents, agreements and instrument, and to take all other actions, in order to effectuate the same, all at AEROJET's costs and expense.

ARTICLE 9. Indemnity

A. AEROJET shall indemnify and hold harmless the SECRETARY from and against any and all liability, damage, penalties or judgments arising from injury to person or property sustained by anyone in and about the LAND resulting from any act or acts or omission or omissions of AEROJET's officers, agents, servants, employees, contractors, or sublessees. AEROJET shall, at its own cost and expense, defend suits or actions which may be brought against the SECRETARY or in which the SECRETARY may be impleaded with others upon any such above mentioned matter, claim or claims, except as may result from the acts set forth in paragraph B of this Article 9.

B. Except for his affirmative acts or negligence or the affirmative acts or negligence of his officers, agents, servants, employees or contractors, the SECRETARY shall not be responsible or liable for any damage or injury to any property, fixtures, buildings or other improvements, or to any person or persons, at any time on the LAND, including any damage or injury to any of AEROJET's officers, agents, servants, employees, contractors, customers or sublessees.

ARTICLE 10. Aerojet's Covenants

A. AEROJET agrees to be bound by and to perform each and every one of the following stipulations designed to protect the wildlife resources on the LAND.

1. In any emergency response plan required by local, state or federal statutes or regulations, AEROJET in conjunction with the U.S. Fish and Wildlife Service ("FWS") shall request that such plans give specific consideration to measures intended to minimize any harm to federally-listed endangered or threatened species as a result of accidental releases of materials regulated by the Comprehensive Environmental Response, Compensation and Liability Act 42 U.S.C. 9601-9675 ("CERCLA") as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"). Further, in the event of an accidental release by AEROJET of any hazardous substance regulated by CERCLA or SARA, in addition to any other notification required by law, AEROJET shall immediately notify a designated representative of the FWS and AEROJET shall cooperate with the FWS to minimize any threat, arising from such release, to federally-listed threatened or endangered species.

2. Upon commencement of construction activities by AEROJET on the LAND, AEROJET shall place a reasonable number of signs on the land along U.S. Highway 93 and the Kane Springs Road to warn motorists of the presence of desert tortoise and which ask motorists to drive with care.

3. Except in cases of emergency or for public safety, AEROJET shall ban all recreational off-road and all-terrain vehicles from the LAND.



4. AEROJET shall implement measures to relocate desert tortoises found on construction sites of the LAND and shall fence construction areas to discourage the return of tortoises to those areas. AEROJET shall also fence those portions of roads on the LAND which pass through areas identified in the AEROJET Environmental Report, dated February, 1987, to be high-density tortoise habitats to protect the tortoise population and minimize "road-kills. Further, AEROJET shall provide an education program for its employees designed to heighten their awareness of the danger to, and to enlist their cooperation in the protection of the desert tortoise.

5. To further the protection of all wildlife inhabiting the LAND, AEROJET shall authorize the Nevada Department of wildlife to maintain at the Department's expense, the wildlife guzzlers now located in the Pahrnagat Wash on the LAND and shall allow representatives of the Nevada Department of Wildlife to come on the LAND to inspect the guzzlers and to monitor wildlife usage of same.

6. In order to locate, identify, determine the effects upon, and mitigate the effects upon archaeological and historical cultural resources on the LAND (as defined in the EXCHANGE AGREEMENT ), AEROJET agrees:

- (a) That, prior to any land disturbing activity, an archaeological survey of the project's area of

environmental impact shall be conducted, taking into account the professional standards identified in the Advisory Council of Historic Preservation's current Manual of Mitigative Measures. If the survey results in the discovery of properties that may be eligible for the National Register of Historic Places because they potentially could produce information important to the study of history or prehistory, AEROJET shall ensure that such properties are reported on and worked on in accordance with these stipulations.

- (b) That where prudent and feasible, AEROJET shall avoid adverse effects on historic and cultural properties through project facility design or by other means.
- (c) That all final archaeological reports resulting from actions taken pursuant to the stipulations shall be provided to the National Park Service and shall be responsive to the contemporary professional standards identified in the aforesaid Manual of Mitigative Measures. Precise locational data may be provided in a separate appendix if it appears that its release could jeopardize archaeological sites.
- (d) That all final reports of activities carried out

pursuant to these stipulations shall be provided to the Nevada State Historic Preservation Officer and, upon request, to other interested parties.

- (e) That all historic, architectural, and archaeological work conducted pursuant to these stipulations shall be carried out by or under the direct supervision of persons meeting the appropriate qualifications set forth in the Department of the Interior's Professional Qualifications.
- (f) That these stipulations shall be performed by AEROJET's personnel and subcontractors and that such persons shall be advised against illegal collection of historic and prehistoric materials.
- (g) That AEROJET shall consult with groups, agencies and organizations that have cultural ties to the LAND in order to identify locations and issues of concern to them and to work with these groups in resolving conflicts. AEROJET shall take the concerns of these groups into consideration during the implementation of these stipulations.

B. AEROJET further agrees and covenants with respect to the LAND as follows:

- (1) AEROJET's activities on the LAND will comply

with air and water quality standards established pursuant to applicable federal and state law;

- (2) AEROJET will comply with federal and state standards for public health and safety and environmental protection in the construction and operation of any facilities on the LAND:
- (3) AEROJET will observe all laws and regulations for the protection of fish and wildlife habitat and attempt to minimize damage to scenic, cultural, and aesthetic values:
- (4) AEROJET will take reasonable precautions to prevent and suppress forest, brush, grass and other fires that may result in damage: and
- (5) AEROJET will take precautions to prevent pollution of the LAND or its waters.

ARTICLE 11. Secretary's Covenants

A. The SECRETARY represents and warrants as follows:

- (1) The United States is the owner of the LAND and the SECRETARY has the right to perform his obligations under this lease:
- (2) The SECRETARY, by execution of this LEASE, conveys to AEROJET for the term of this LEASE the surface and subsurface estates including the mineral estate of the LAND free of encumbrances except as stated herein;
- (3) The SECRETARY agrees that, except with respect to

valid existing rights or as otherwise stated herein, the estate of the LAND leased hereunder shall not be subject to any terms, conditions, covenants, limitations, exceptions, reservations, or stipulations governing AEROJET's activities and use. Only valid existing rights outstanding on the commencement date hereof and the reservations and stipulations provided for herein shall run with the land and be binding upon AEROJET, its successors and assigns.

(4) The SECRETARY expressly confirms and agrees that, except as stated herein, the United States excepts and reserves no easements or other rights or claims in the LAND to have access to the LAND or to otherwise utilize or develop any resources in or on the LAND, including without limitation, oil and gas, valuable minerals, and sand and gravel, and agrees to make no claims for adequate access to any of the property included in the LAND.

(5) The SECRETARY agrees to lease the LAND to AEROJET subject to valid existing rights including, but not limited to, the unexpired term of any outstanding lease, license, permit, contract or right of way; provided, however, that the SECRETARY agrees to terminate or suspend, if terminable or suspendable in the judgement of the SECRETARY without liability to the United States, that portion of any such lease, license, permit, contract or right of way which authorizes activity on the surface or mineral estates of the LAND.

(6) The SECRETARY agrees to take all steps within his power to notify persons with grazing privileges that their privileges will terminate at the first opportunity provided by law or contract without additional liability to the United States, and to execute any and all documents necessary to accomplish such revocation or termination of grazing privileges.

(7) The SECRETARY agrees that, notwithstanding any other provision of this LEASE, AEROJET shall be free to challenge the rights of any party claiming an interest in the LAND, whether by way of lease, license, permit, contract or unpatented mining claim, which challenge or challenges the SECRETARY shall not take a position adverse to AEROJET.

ARTICLE 12. Modification

A. THE PARTIES agree that this LEASE may be modified, amended or surrendered by a written instrument executed by THE PARTIES.

ARTICLE 13. Execution in Counterparts

A. For purposes of expediting execution of this LEASE, it may be signed in separate counterparts by THE PARTIES, which when all have been so signed, shall be deemed the single LEASE.

ARTICLE 14. Governing Law

A. This LEASE shall be construed in accordance with the laws of the State of Nevada.

ARTICLE 15. Gender

A. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

ARTICLE 16. Article Headings

A. The Article headings in this LEASE are inserted only as a matter of convenience and reference. They are not to be deemed as limiting in any manner the content of the provisions which they describe and are not to be given any effect whatsoever in construing the provisions of this lease.

ARTICLE 17. Partial Invalidity

A. If any term, provision, covenant or condition of this LEASE or the application thereof, to any person or circumstance shall to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this lease or the application of such term, provision, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, provision, covenant or condition of this LEASE shall be valid and be enforceable to the fullest extent permitted by law.

ARTICLE 18. Time of Essence

A. It is understood and agreed between THE PARTIES that time is of the essence with respect to all the terms, provisions, covenants and conditions of this LEASE.

ARTICLE 19. FORCE MAJEURE

A. Neither the SECRETARY nor AEROJET shall be required to perform any term, condition, or covenant in this LEASE so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, labor disputes (whether lawful or not) material or labor shortages, restrictions by any governmental authority, civil riots, floods and any other cause not reasonably within the control of the SECRETARY or AEROJET and which by the exercise of due diligence, the SECRETARY or AEROJET is unable, wholly or in part, to prevent or overcome. Lack of money shall not be deemed force majeure.

ARTICLE 20. Entire Agreement

It is expressly understood and agreed by and between THE PARTIES that, except as otherwise stated herein, this LEASE sets forth all the promises, conditions, and understandings between the SECRETARY and AEROJET relative to the lease of the LAND and that there are no promises, conditions, understandings, warranties or representations, oral or written express or implied between them other than as herein set forth.

ARTICLE 21. General Provisions

A. The following general provisions shall apply to each



of the provisions of this LEASE, except to the extent specifically provided otherwise in such provision:

(1) THE PARTIES mutually covenant and agree not to sue each other challenging the legal authority or capacity of the SECRETARY or AEROJET to enter into this LEASE or to effectuate any provision herein, provided that nothing herein shall be construed to prevent either party from suing to enforce this LEASE or seeking any other available remedy upon a default under this LEASE.

(2) As used in this Agreement, the term "SECRETARY" shall include the Secretary of the Interior or his authorized representative.

(3) As used in this Lease, the term 'AEROJET.' shall include its successors and assigns, except as otherwise limited herein.

(4) THE PARTIES agree that any clerical and typographical errors contained herein may be corrected upon notice to the other party, unless such errors are deemed substantial or otherwise objected to by either party within 60 days by written notice. Correction may be made without formal ratification by THE PARTIES.

IN WITNESS WHEREOF, THE PARTIES have set their hands and seals as of the dates below written.

AEROJET-GENERAL, CORPORATION

UNITED STATES OF AMERICA

By: *Ralph E. Clark*  
Ralph E. Clark  
Executive Vice President,  
Aerojet Nevada  
A Division of Aerojet-General  
Corporation

By: *James E. Casar*  
Acting Assistant Secretary  
Land and Minerals  
Management

7-13-88  
Date

7/14/88  
Date

ACKNOWLEDGEMENT

UNITED STATES OF AMERICA )  
DISTRICT OF COLUMBIA ) ss.

On this 13th day of July, in the year 1988, before me, the undersigned, a Notary Public, personally appeared Ralph E. Clark known to me to be the Exec. Vice Pres of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

WITNESS my hand and seal this 13th day of July, 1988

Elizabeth A. Gattig  
Notary Public

My commission expires:  
My Commission Expires June 14, 1990

ACKNOWLEDGEMENT

UNITED STATES OF AMERICA )  
 ) SS.  
DISTRICT OF COLUMBIA )

THIS IS TO CERTIFY that on this 14<sup>th</sup> day of July, 1988, before me the undersigned, a Notary Public in and for the District of Columbia, duly commissioned and sworn, personally appeared James E. Cason to me known to be the person described in and who executed the above and foregoing instrument, and acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS My Hand and Official Seal the day and year in this certificate first above written.

Tracy C. Temple

Notary Public in and for the District of Columbia, residing at 1025 Conn Ave NW WDC 20036  
My commission expires June 30, 1989

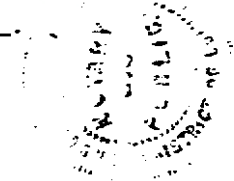


Exhibit A  
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LEGAL DESCRIPTION - COYOTE SPRINGS  
LEASE LAND

Mount Diablo Meridian, Nevada

T. 11 S., R. 63 E.,

secs. 19, 30, 31, that portion lying easterly of the centerline of U.S. Highway 93 and the western boundary of the transmission corridor, that boundary being 1/2 mile easterly from the centerline of U.S. Highway 93.

T. 12 S., R. 63 E.,

sec. 4, all  
secs. 5, 9, 16,  
21, 28, 33, that portion lying easterly of the eastern boundary of the transmission corridor, that boundary being 1/2 miles from the centerline of U.S. Highway 93;

sec. 6, that portion of the N1/2N1/2 lying between the centerline of U.S. Highway 93 and the western boundary of the transmission corridor, that boundary being 1/2 mile easterly of the centerline of U.S. Highway 93;

sec. 15, all;  
sec. 22, all;  
sec. 23, SW1/4;  
sec. 26, W1/2;  
sec. 27, all;  
sec. 34, all;  
sec. 35, all.

T. 13 S., R. 63 E.,

sec. 1, W1/2W1/2E1/2, W1/2;  
sec. 2, all;  
secs. 3, 4, 10,

Exhibit A  
Page 2 of 2

LEGAL DESCRIPTION - COYOTE SPRINGS (Cont'd)

LEASE LAND

15, that portion lying easterl of the eastern boundary of the transmission corridor, that boundary being 1 1/2 miles from the centerline of U.S. Highway 93;

sec. 11, all;

sec. 12, all;

sec. 13, all;

sec. 14, all;

sec. 22, that portion lying northerly of a boundary 1/2 mile from the centerline of State Highway 168 and easterly of the eastern boundary of the transmission corridor, that boundary being 1 1/2 miles easterly of the centerline of U.S. Highway 93;

secs. 23, 24, that portion lying northerly of a boundary 1/2 mile from the centerline of State Highway 168.

containing approximately 13,767 acres

ADDENDUM

ADDENDUM, dated as of July 22, 1988 by and between Aerojet-General Corporation, an Ohio Corporation ("AEROJET"), and the United States Of America, acting through the Secretary of the Interior (the "SECRETARY"). AEROJET and the SECRETARY are collectively referred to herein as "THE PARTIES".

W I T N E S S E T H:

WHEREAS, AEROJET and the SECRETARY entered into a certain LAND LEASE AGREEMENT dated July 14, 1988;

WHEREAS, AEROJET and the SECRETARY desire to amend the LAND LEASE AGREEMENT to correct clerical errors contained therein;

NOW, THEREFORE, THE PARTIES hereby agree as follows:

1. The reference on page one of the LAND LEASE AGREEMENT which refers to the EXCHANGE AGREEMENT executed by THE PARTIES on or about "June 14, 1988," shall be deemed to refer to the EXCHANGE AGREEMENT executed by THE PARTIES on or about July 14, 1988.

2. This Addendum may be executed in counterparts, each of which shall be an original for all purposes, but each of which taken together shall constitute only one agreement.

IN WITNESS WHEREOF, THE PARTIES have duly executed this ADDENDUM as of the date first above written.

UNITED STATES OF AMERICA

By: *James E. Casan*  
Acting Assistant Secretary  
Land and Minerals Management

AEROJET-GENERAL CORPORATION

By: *Ralph E. Clark*  
Ralph E. Clark, Executive  
Vice President,  
Aerojet Nevada  
A Division of Aerojet-General  
Corporation

No. 89200  
FILED AND RECORDED AT REQUEST OF  
Hill Cassas deLipkau & Erwin  
July 26, 1988  
AT 1 MINUTES PAST 1 O'CLOCK  
P. M. IN BOOK 80 OF OFFICIAL  
RECORDS, PAGE 637 LINCOLN  
COUNTY, NEVADA.  
FRANK C. HULSE  
COUNTY RECORDER

By *Mara Cordia*, Deputy