

This agreement, made and entered into this 14th of December 1967, by and between Crescent Valley Ranch and Farms, a California Corporation, party of the first part, herein designated Lessor, and Crescent Valley Recreation Company, party of the second part, herein designated Lessee.

WITNESSETH, Lessor in consideration of the payments to be made by Lessee and the performance and observance by Lessee of the terms and conditions hereof, hereby leases and lets unto Lessee the following described property; See Exhibit A, together with all buildings and appurtenances belonging to Crescent Valley Ranch and Farms now existing thereon including the Kohler Generating Plant which is the only way for Lessee to have electrical use for his activities, for the term of 20 years with option of renewal for twenty (20) years more at the same rate as the first twenty (20) years, commencing the first of May, 1968. Lessee takes and leases said premises, buildings and appurtenances from Lessor for said terms and agrees to pay Lessor for the use hereof, rental as follows to wit: The sum of \$300.00 monthly in advance on the first day of each month thereafter during the terms of this lease for the first year, starting the second year of 1969 the rent will be basic \$300.00 monthly or 10% of the gross profit, whichever is greater, derived from the operation of the Spa on the first ten rental units, such gross profit for the remainder of said lease to be arrived by an audit of Lessee's books. Lessor agrees at his own cost and expense, to clean and level off the presently existing swamp and overflow pool created by the hot springs and to install a piping system adequate to drain off any excess seepage from the existing hot springs which would cause swamping again and to lay said pipes four feet underground, also all water pipes to be put four feet under ground and covered with corrugated asbestos lining to keep them from freezing in the winter time.

Lessee covenants to and with Lessor:

1. That he will make payments of the installments of rentals to Lessor at Crescent Valley, Nevada, promptly and when due, or at such other address as may from time to time be designated in writing by Lessor.
2. That the Lessee shall repay to Lessor monies advanced on behalf of the Spa covering propane and gasoline used during the occupancy of the building by Mrs. Ruth Fairbanks prior to May 1, 1968.
3. That the Lessee agrees at his cost and expense to complete a modern kitchen at the rear of existing building, which room shall be 15' x 25' with all modern kitchen appliances as he deems necessary, to install a new vinyl asbestos floor, drapes and furniture, to complete any and all work required to install other equipment which he considers necessary to the successful operation of a spa operating for the general public for the health and beauty work and to add any additional heating and air conditioning needed also to install a sauna bath by eliminating a partition in the first bath room off the living room hall, also to furnish complete units for the patrons of the Spa and maintain same.
4. That the Lessee shall pay all charges for lights, heat, sales and use taxes and all other services used in connection with the property, including but not limited to, insurance, licensing, personal property taxes, if any, and that Lessor shall be responsible for all real property taxes and all other assessments that county or state may levy against said leased property on the land and buildings now existing. Any other assessment or tax in excess of this amount shall be paid by the Lessee.
5. That Lessee will keep and maintain the leased premises free and clear of all liens and encumbrances and claims against the same arising out of or in connection with the possession and use of said property and indemnify Lessor for any costs or expenses incurred by Lessor on account thereof.
6. If Lessee shall be at any time in default of the payment of the rent herein agreed upon, and the Lessee shall fail to remedy such default within thirty (30) days after written notice by mail, thereof from Lessor, it shall be lawful for the Lessor, and it may at his option, enter and repossess the property without further notice, and Lessee consents to the release of said property without liability on the part of the Lessor for such possession, and all permanent improvements which shall have been made to the premises shall remain the property of the Lessor.

7. The Lessor grants Lessee the right to purchase the property with all improvements thereon and including Exhibit A which is a part of the lease for the sum of \$50,000 at any time within five (5) years of this lease.
8. The Lessor promises and covenants that he or they will perform their part of this lease, such as leveling off the land, putting the pipes underground, covering of the water pipes with asbestos lining to keep from freezing, not later than April 1, 1968 so that Lessee may build the ten units needed for sleeping purposes, and any other work which he deems necessary so that he may be in position to open on May 1, 1968 when his rent shall start.

In Witness Whereof the parties hereto have set their hands and seals this day and year in this lease first above written. Lessor shall have present units in rear of present building removed so as Lessee may be able to utilize said ground for his use.

CRESCENT VALLEY RANCH AND FARMS

Per *Samuel P. Wilkoff*
Lessor Pres.

CRESCENT VALLEY RECREATION COMPANY

Per *Louis James Pres.*
Lessee

Witnesses

Norman D. Elden
(Doc Bailey)

EXHIBIT "A"

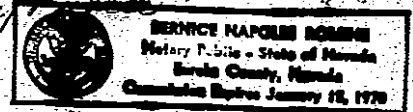
A parcel of land located in Section 1, T29N, R48E, MDB&M, Eureka County, Nevada, the approximate dimensions of which are 1500 feet north and south and 600 feet east and west, the eastern line of which shall be approximately 20 feet east of the enclosed hot springs well, as it now exists, and extending westerly approximately 600 feet, containing twenty (20) acres, more or less.

This description is a floating description inasmuch as Section 1 consists of unsurveyed land. When weather permits, the corners of the section will have to be established by a field survey and the description set out above will have to be modified in accordance with the practice prescribed by the standards for Sectional Breakdown of the Public Survey Office. The boundary lines will be so located as to include all buildings now existing at the Spa.

CRESCENT VALLEY RANCH & FARMS

By *Samuel P. Wilkoff*
Lessor Pres.

Bernice Naples Romani
Notary Public



CRESCENT VALLEY RECREATION COMPANY

Per Louis James, President

Louis James Pres.
Lessor

Norman D. Elden
(Doc Bailey)

INDIVIDUAL ACKNOWLEDGMENT

State of California

County of Santa Clara

S.S.

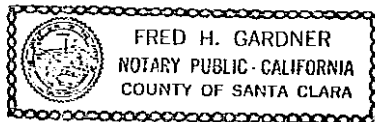
On this 12th day of February, 1968, before me,Fred H. Gardner

(SEAL)

a Notary Public in and for said Santa Clara County,personally appeared Louis James

known to me to be the person whose name subscribed to the within instrument, and acknowledged that he executed the same.

WITNESS my hand and official seal



P-100 8-66

Notary Public in and for said Santa Clara

County and State

My commission expires April 8, 1969

INDIVIDUAL ACKNOWLEDGMENT

State of California

County of Santa Clara

S.S.

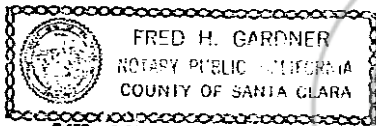
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RECORDED AT THE REQUEST OF
Louis James
 on March 5, 1968
 at 30 mins. past 11 A. M.
 in Book 23 of OFFICIAL
 RECORDS, page 03-05, RECORDS
 OF EUREKA COUNTY, INDIANA
Miller A. DePaoli
 Recorder
 File No. 46302 Fee \$ 4.00



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