

LEASE

THIS INDENTURE OF LEASE, Made and entered into this 24th day of January, 1970, by and between WILLIAM PLETZ, a single man, hereinafter referred to as "Lessor", and M. C. HILL and ORLETA B. HILL, husband and wife, M. T. HILL, a single man, ROBERT L. DAVIS, a single man, and MARLA B. HILL, a single woman, hereinafter referred to as "Lessees";

WITNESSETH:

In consideration of the covenants and conditions herein contained, the said parties do agree as follows:

I

DEMISE

Lessor does hereby demise and lease unto the Lessees and the Lessees do hereby rent and take from the Lessor that certain real property situated in the County of Eureka, State of Nevada, and more particularly described as follows:

Parcel 1: Lots 15 and 16, in the S. 1/2 of N.E. 1/4 of S.E. 1/4 of Section 4, T. 20 N., R. 53 E., M.D.B. & M.

Parcel 2: Lots 1, 2, 3 & 4, in the N. 1/2 of S. 1/2 of Section 34, and the N.E. 1/4 of E. 1/2 of N.W. 1/4 of Section 33, T. 21 N., R. 53 E., M.D.B. & M.

Parcel 3: Lots 2, 3, 4, 5, 6 & 7, in the N.E. 1/4 of S.W. 1/4 of N. 1/2 of S.E. 1/4 of Section 33, T. 21 N., R. 53 E., M.D.B. & M.

Parcel 4: N. 1/2 Section 34, T. 21 N., R. 53 E., M.D.B. & M.

EXCEPTING from Parcels 1 thru 4, inclusive, all oil and gas as reserved in Patents from United States of America recorded in the office of the County Recorder of Eureka County, Nevada.

TOGETHER WITH all water, water rights, and rights to the use of water obtained by virtue of those certain State of Nevada water permits Numbers 19371, 19378, 20000 and 20001 and State of Nevada water Certificate Numbers 6784, 6785, 6760 and 6786; and all dams, ditches, canals and other means or devices used for the diversion or use of waters appurtenant to the said property or any part thereof.

together with all of the personal property described in "Exhibit A", which is attached hereto and, by this reference, incorporated herein and made a part hereof. Provided, however, it is understood and agreed that a tract of

approximately 160 acres located around Well No. 7 is now occupied by Ronald W. Smith and Gwendolyn F. Smith, and that the use and possession of said tract by the Lessees herein is subject to the right of said Ronald W. Smith and Gwendolyn F. Smith to harvest a barley crop now growing on said tract, and Lessees agree that until such time as said barley crop is harvested, they will do nothing to interfere with the occupancy of said tract by the said Ronald W. Smith and Gwendolyn F. Smith.

II

TERM

The term of this Lease shall be for a period of seven (7) years, commencing with the 1st day of February, 1970, and continuing to and including the 31st day of January, 1977.

III

RENTAL

As rental for said premises, Lessees do hereby agree to pay Lessor the sum of Eighty-Four Thousand (\$84,000.00) Dollars, payable as follows: The sum of Twelve Thousand (\$12,000.00) Dollars on the 1st day of November, 1970 and a like sum on the 1st day of each November thereafter until said sum of Eighty-Four Thousand (\$84,000.00) Dollars has been fully paid.

IV

CROP LIEN FOR RENTAL

So that the Lessor may be protected for cash rents agreed upon as hereinabove set forth, Lessees agree to give Lessor a first chattel mortgage for payment of such rent on all crops grown by Lessees on the leased premises during the term of this Lease.

V

USE OF PREMISES

The leased premises are to be used by Lessees for the growing of agricultural crops and are not to be used for any other purpose without written consent of the Lessor, and Lessees agree to faithfully cultivate the land in timely, thorough and businesslike manner.

VI

INSTALLATION OF IRRIGATION EQUIPMENT

It is understood and agreed that approximately 600 acres of the subject property is presently under cultivation and that an adjoining 700 acres has not been cultivated due to lack of irrigation. As further consideration for the within Lease, the Lessees agree that, at their own expense, they will install sufficient equipment, including pumps and motors, as shall be necessary to adequately irrigate this said 700 acres in a manner similar to that by which the aforementioned 600 acres is now being irrigated. It is also intended that upon the termination of the Lease, that Lessor shall be the sole owner of all such irrigation equipment, and in order that this may be effectuated, Lessees agree that on the first anniversary date hereof, Lessor shall own an undivided 14.29 percent interest in all of the irrigation equipment so placed upon the premises, and that on each subsequent anniversary date, his ownership in said equipment shall be increased by 14.29 percent.

VII

MAINTENANCE AND REPAIR

Lessees shall, at their own expense, keep and maintain all of the improvements on the property, including all of the irrigation equipment, pumps and motors and all of the property described in "Exhibit A", in a good state of repair, the same as they now are except for reasonable wear and tear.

VIII

UTILITY SERVICES

Lessees agree that they will furnish, at their own expense, and shall pay for all charges for electricity or any other form of utility service consumed or used by them upon the premises during the term of this Lease.

IX

REMOVAL OF PERSONAL PROPERTY

Lessees shall not remove any of the irrigation equipment now on or to be added to the premises or any of the property described in "Exhibit A", except for the purpose of making necessary repairs thereto, or unless the item removed is replaced with a like item of same or better quality and in same or

better condition.

X

INSPECTION OF PREMISES

Lessees agree that an inspection of the said described premises has been made, and that neither the Lessor nor his agents and assigns shall be held to any covenant respecting the condition of any improvements on said premises, nor to any agreement for alteration or repairs, unless the covenant or agreement relied on be in writing and be attached to and made a part of this Lease; and Lessees agree to assume all hazards of damage to or destruction of any improvements now on said land or hereafter to be placed thereon, and to the taking of said premises or any part thereof for public use.

XI

INDEMNITY OF LESSOR

Lessees shall indemnify and save harmless the Lessor from any and all liability, damage, expense, attorney's fees, causes of action, suits, claims or judgments arising from injury to persons or damage to property in or upon the demised premises, of every kind or nature, arising out of or connected with the use, occupancy, management or control of the demised premises by Lessees. Lessees shall and will, at their own cost and expense, defend any and all suits which may be brought against the Lessor either alone or in conjunction with others upon any such above-mentioned cause of claim and shall and will satisfy, pay and discharge any and all judgments which may be recovered against the Lessor in any such action or actions in which the Lessor may be a party defendant.

XII

RIGHT OF ENTRY

The Lessees agree to permit the Lessor and his agents to enter upon the premises or any part thereof at all reasonable hours and for any reasonable purpose.

XIII

HOLDOVER PROVISION

If, at the expiration of this Lease or any extension thereof, the

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Lessees shall, with the consent of Lessor, express or implied, hold over possession of the demised premises, such holding shall be construed to be a tenancy from month to month only.

XIV

LEASE BINDING UPON SUCCESSORS AND ASSIGNS

All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall extend to the heirs, executors, administrators and assigns of Lessor and to the successors, and, so far as this Lease and the term or terms hereby created are assignable by the terms hereof, to the assigns of Lessees.

XV

OPTION TO PURCHASE

Provided that Lessees are not then in default under any of the terms or provisions herein, they shall have and are hereby given the option to purchase all of the real and personal property hereby leased for the sum of Two Hundred Thousand (\$200,000.00) Dollars, plus the sum of Seven Thousand (\$7,000.00) Dollars for each year or fraction thereof that this Lease has been in effect. Said purchase price shall be payable as follows: The sum of Thirty Thousand (\$30,000.00) Dollars in cash at the time said option is exercised, the sum of Fifteen Thousand (\$15,000.00) Dollars, plus interest on the unpaid principal balance at the rate of six and one-half (6-1/2%) percent per annum, payable on the first anniversary date of the date on which the option is exercised, and not less than a like sum on the same date of each year thereafter for eight (8) years, and on the ninth anniversary of the date on which said option is exercised, the entire principal balance and interest shall be due and payable. Concurrently with the delivery of the down payment of Thirty Thousand (\$30,000.00) Dollars as aforesaid, Lessees shall deliver to Lessor their promissory note for the payment of the balance of the purchase price in the manner hereinabove set forth, and shall also at said time deliver to Lessor as security for the payment of said note a mortgage on all of the real and personal property so purchased by them from Lessor. Said sale shall include Lessor's interest in all of the irrigation equipment, of whatsoever kind and

nature, which Lessees may have placed upon the property as required by the terms hereof.

XVI

SUBLETTING AND ASSIGNING

Lessees cannot sell, assign, mortgage, pledge, or in any manner whatsoever transfer or sublet all or any part of this Lease or any estate or interest thereunder without the previous written consent of Lessor in each instance.

This Lease or any interest of the Lessees therein shall not be subject to involuntary assignment. In the event of any levy upon the interest of the Lessees in this Lease or the property of the Lessees situated in the leased premises and the same is not released within ten (10) days from the date of such levy, or in the event of the appointment of a receiver, trustee, keeper or other proceeding instituted by or against the Lessees, the Lessees shall at once be deemed to be in default, and the Lessor shall be entitled to exercise any of the rights or remedies provided for in this Lease to the same extent as though there were a breach in the payment of rent, as hereinafter provided. If Lessor shall sell and convey the demised premises and give Lessees written notice thereof, Lessor shall thereafter be released and freed from all liability and obligations hereunder except those which shall have then accrued.

XVII

CUMULATIVE RIGHTS

And no remedy herein conferred upon or reserved to Lessor or Lessees is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

XVIII

PAYMENT OF ATTORNEY'S FEES

In the event that legal proceedings are instituted by Lessor for the purpose of enforcing any covenant or agreement hereof, or to obtain any of the remedies herein provided, in addition to any other judgment or relief allowed

to Lessor, he shall also be entitled to such sum of money as the Court may adjudge reasonable as attorney's fees in said proceeding.

XIX

RELEASE OF CROP LIEN

At such time as this Lease may terminate, whether by reason of time, or by reason of default of the Lessees, the Lessees specifically give up all and any rights the Lessees may have to the crops planted or in various stages of harvesting, and to any lien which the State of Nevada may grant to persons who plant crops, and if any portion of this Lease is contrary to the laws or public policy of the State of Nevada, then that portion only shall be omitted from this agreement, and the remaining terms hereunder shall remain binding upon the parties hereto.

XX

REMEDIES ON DEFAULT

If the rental due from Lessees hereunder shall be in arrears for the space of ten (10) days, or if the Lessees shall fail or neglect to perform or observe any or either of the covenants or agreements herein contained, which on Lessees' part are to be kept, performed or observed, then in either of said cases, after first giving Lessees ten (10) days' written notice to correct such default, the Lessor lawfully may, immediately or at any time thereafter while such neglect or default continues, terminate the tenancy and enter into or upon said premises and expel the said Lessees or those claiming under Lessees and remove Lessees' effects (forcibly, if necessary) without being deemed guilty in any manner of trespass, without any obligation to protect, store, conserve or account for the goods or effects so removed (but such property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, Lessees) and without any prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant.

Should Lessor elect to re-enter, as herein provided, or should take possession pursuant to legal proceedings or pursuant to any notice provided by law, he may either terminate this Lease or he may from time to time, without terminating this Lease, re-let said premises or any part thereof for such

term, or terms, and at such rental or rentals and upon such other terms and conditions as Lessor in his own discretion may deem advisable, with the right to make alterations and repairs to said premises. Rentals received by Lessor for such re-letting shall be applied: First, to the payment of any indebtedness, other than rent, due hereunder from Lessees to Lessor; second, to the payment of rent due and unpaid hereunder; third, to the payment of any costs of such re-letting; fourth, to the payment of the costs of any alterations and repairs to the premises; and the residue, if any, shall be held by the Lessor and applied in payment of future rent as the same may become due and payable hereunder. Should such rentals received from such re-letting be less than that agreed to be paid by Lessees hereunder, the Lessees shall pay such deficiency to Lessor, upon demand.

IN WITNESS WHEREOF, the respective parties have executed this instrument in duplicate the day and year first hereinabove written.

William Pletz

LESSOR

M C Hill

Maria B. Hill

Patricia B. Hill

Michael T. Hill

Robert A. Davis

LESSEES

STATE OF OREGON }
County of Multnomah } ss.

January 24, 1970

Personally appeared the above-named WILLIAM PIETZ, a single man, M. C. HILL and ORLETA B. HILL, husband and wife, M. T. HILL, a single man, ROBERT L. DAVIS, a single man, and MARLA B. HILL, a single woman, and acknowledged the foregoing instrument to be their voluntary act and deed.

BEFORE ME:

Frank A. Anthony
Notary Public for Oregon

My Commission Expires: 1/10/74



COPY

"EXHIBIT A"

Approx. 317 - 30' lengths of 6" alum. pipe
Approx. 14 - 30' lengths of 5" slipover alum. pipe
14 - 4" alum. valves
Approx. 26 - 4" alum. pipe
14 - 4" alum. elbows
14 - 1/4 mile 4" alum. wheelroll sprinkler pipe
4 - Layne & Bowler turbine pumps
1 - Demming turbine pump
2 - Gear heads for turbine pumps
1 - Allis-Chalmers diesel engine, 125 h.p.
1 - Continental diesel engine, 80 h.p.
1 - Continental diesel engine, 110 h.p.
1 - Caterpillar diesel engine, 110 h.p.
1 - Caterpillar diesel engine, 125 h.p.
1 - G.M.C. #671 diesel engine
1 - Cummins diesel engine
1 - Murphy diesel 2 cyl. air-cooled 8 K.W. generator
1 - Model 4010 John Deere diesel tractor, 1964
1 - Model 720 John Deere gas tractor, 1958
1 - John Deere 5 bottom plow
1 - John Deere 15' harrow
1 - John Deere 16' wheel disc
1 - John Deere 12" disc harrow (old)
1 - Disc plow located in field
1 - 500 gal. propane tank
2 - 5,000 gal. diesel storage tanks (steel)
1 - Grain auger
1 - John Deere 10' grain drill
1 - Case hay rake
1 - John Deere mower
100 ft. 17" concrete well casing pipe
1 - 10'x55' trailer house with wheels, furnished
1 - Hay loader
1 - 1963 Ford 1-1/2-ton truck
1 - 1953 3/4-ton pickup truck
1 - Pile of misc. pipe fittings
2 - Used tractor tires
1 - Post hole digger
1 - Pipe wagon

RECORDED AT THE REQUEST OF
M. C. Hill
ON February 9, 1970
at 30 mins. past 9 A. M.
in Book 34 of OFFICIAL
RECORDS, pp. 262-271, RECORDS
OF ELDERA COUNTY, NEVADA
Melvin C. DeLoe
Records 52096 Fee \$ 12.00
File No.