

55533

SECURITY AGREEMENT

LIBERTY LIVESTOCK, a co-partnership consisting of J. H. SEWELL, and MOLLIE S. SEWELL, his wife, THOMAS H. GALLAGHER and DOROTHY S. GALLAGHER, his wife, of the City of Elko, County of Elko, State of Nevada, hereinafter called "Debtors", for valuable consideration, receipt whereof is hereby acknowledged, hereby grant to STEPHEN DAMELE & SONS, and CHARLES DAMELE, also known as CHARLES J. DAMELE, and JUANITA DAMELE, his wife, LEO J. DAMELE and ELLEN DAMELE, his wife, JOHN V. DAMELE and ROBERTA DAMELE, his wife, of the County of Eureka, State of Nevada, hereinafter called "Secured Parties", a security interest in the following property and any and all substitutions and replacements thereto, hereinafter called the Collateral:

See Exhibit "A" attached hereto and made a part hereof as though fully set forth herein for a specific description of the Collateral.

to secure the payment of SIX HUNDRED THIRTY-NINE THOUSAND DOLLARS, (\$639,000.00), as evidenced by the Note of even date herewith and also any and all liabilities direct or indirect, absolute or contingent, now existing or hereafter arising, of Debtors to Secured Parties, all hereinafter called the "Obligations".

All of the Collateral is to be used in connection with the Stephen Damele & Sons Ranch, ~~Diamond Valley~~, Eureka County, Nevada, and such items as may be attached to real estate will be attached to the following, to-wit:

See Exhibit "B" attached hereto and made a part hereof as though fully set forth herein for a specific description of the Collateral.

That the Collateral will be kept on and about the Stephen Damele & Sons Ranch in Eureka County, Nevada which address is the Debtors place of business in said State.

Debtors further warrant and covenant that:

1. Except for the security interest granted hereby, Debtors are the owners of the Collateral free from any adverse lien, security interest or encumbrances; and Debtors will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein;

2. No Financing Statement covering any Collateral or any proceeds thereof is on file in any public office and at the request of the Secured Parties, Debtors will join with Secured Parties in executing one or more Financing Statement pursuant to the Uniform Commercial Code in form satisfactory to Secured Parties and will pay the cost of filing the same or filing or recording the agreement in all public offices whenever filing or recording is deemed by the Secured Parties to be necessary or desirable;

3. Debtors will not sell or offer to sell, without the written consent of Secured Parties, unless a replacement or substitution of equal value is made, during the life of this agreement;

4. Debtors will keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof; Debtors will not use the Collateral or any part thereof in violation of any statute or ordinance; and Secured Parties may examine and inspect the Collateral at any time, wherever located;

5. Debtors will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any Note or Notes evidencing the Obligations;

At their option, Secured Parties may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtors agree to reimburse Secured Parties on demand for any payment made, or any expense incurred by Secured Parties pursuant to the foregoing authorization. Until default, Debtors may have possession of the Collateral and use it in any lawful manner not inconsistent with this agreement.

Debtors shall be in default under this agreement upon the happening of any of the following events or conditions:

A. Default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any Note evidencing the same;

B. Loss, theft, substantial damage, destruction, danger of misuse or confiscation of Collateral in the opinion of Secured Parties, sale or encumbrance to or for any of the Collateral or the making of any levy, seizure or attachment thereof or thereon, not released within 30 days;

C. Dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtors or any guarantor or surety for Debtors.

Upon default and at any time thereafter, Secured Parties may declare all Obligations secured hereby immediately due and payable and shall have the remedies of Secured Parties under the Uniform Commercial Code. Secured Parties may require Debtors to assemble the Collateral and make it available to Secured Parties at a place to be designated by Secured Parties which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Parties will give Debtors reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid to the address of Debtors as follows: 627 Court Dr. Elko, Nevada, at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Parties' reasonable attorney fees and legal expenses.

No waiver by the Secured Parties of any default shall operate as a waiver of any other default or of the same default on a future occasion. All rights of the Secured Parties hereunder shall inure to the benefit of the successors and assigns of said Secured Parties; and all obligations of debtors shall bind the heirs, executors, administrators and assigns of said Debtors. If there be more than one Debtor, their obligations hereunder shall be joint and several.

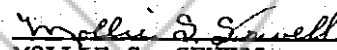
This Agreement shall become effective when it is signed by Debtors.


Signed and delivered on this 29<sup>th</sup> day of December,  
1969. Secured parties need only sign if Agreement is to be  
used as Financing Statement.

Debtors:

LIBERTY LIVESTOCK, a  
co-partnership

  
\_\_\_\_\_  
J. H. SEWELL

  
\_\_\_\_\_  
MOLLIE S. SEWELL

  
\_\_\_\_\_  
THOMAS H. GALLAGHER

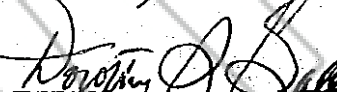
  
\_\_\_\_\_  
DOROTHY S. GALLAGHER

EXHIBIT "A"

JD RANCH

- 4 Bedroom home unfurnished
- 1 cement cellar
- 1 small underground cellar
- 1 two room cinder block bunkhouse
- 1 two room small lumber bunkhouse
- 1 blacksmith shop with small tool house adjoining
- 1 large implement building
- 1 large building used as grainery and warehouse
- 1 cinder block power plant bldg.
- 1 railroad tie barn
- 1 railroad tie shed
- 1 railroad tie chicken house
- 1 milk barn poor condition lumber
- 1 livestock scale
- 1 railroad tie garage and shed adjoining
- 1 small grease and oil bldg.
- 1 water tank and pump bldg.
- 1 thousand gal. gas tank, gravity flow to service outlet
- 1 wash house, utility
- 1 swimming pool, 16x32 ft. cement
- 1 power plant 5 k.w. Witte Engine (all bldgs. wired)
- 1 one hundred foot well with 4" Fairbanks Morris pump and 12 h.p. engine on it
- 1 electric pressure pump and 500 gal. water tank for house use
- 1 livestock loading chute
- 1 Teco dehorning chute
- 1 truck and greasing car ramp
- Livestock corrals fair condition
- 1 Artesian water well for livestock purposes
- 1 Artesian water well irrigation and livestock water
- 1 six hundred gal. Diesel tank for power plant use
- 1 T. D. Six Crawler Tractor
- 1 Farmall C. Wheel tractor, gas
- 1 Diesel "500" case wheel tractor
- 1 M. Molina Gas, Wheel tractor
- 1 International Hay Baler, model 56 twine
- 1 Dodge truck 1 1/2 ton 1949 model flat bed
- 2 international hay mowers
- 1 Farmhand wheel rake, large
- 1 livestock spray rig
- 1 Hancock 8 yard scraper
- 1 Farm Hand double dump hay rake, tumble rake
- 1 Bob sled, fair condition
- 2 sulky hay rakes, fair condition
- 2 Meadow drags
- 1 hard rubber tire wagon fair condition
- 1 iron wheel hay wagon
- 1 Allis Chalmers tractor mower, poor condition
- 1 dirt scraper
- 1 plows, one bottom, horse,
- 1 miles underground telephone cable
- 20,000 gal. water tank, wood
- 1 Caterpillar 40 h.p. engine and 10" pump for irrigation
- 1 12" well for irrigation
- 6 horse collars and several harness, fair condition
- 1 GMC 6x6 truck with flat rack
- 1 Lister motor and generator

EXHIBIT A, Page 2

SHIPLEY FIELD

1 livestock corral  
1 corral (crowding pen)  
1 loading chute  
1 small one-room cabin

JESS KNIGHT

1 three room house (poor condition)  
1 barn (poor condition)  
Livestock corrals (poor condition)

BIG SPRING FIELD

2 corrals, crowding pen and loading chute

RANGE CORRALS

1 branding corral - Trap Corral Canyon  
1 " " - Middle Mountain  
1 " " - Indian Ranch  
1 " " - Geyser Canyon  
(These are probably on public domain)

WILLOW CREEK

1 large new house - unfurnished  
1 log house (fair condition) with cellar (good condition)  
1 storage house  
1 log one room bunk house (fair condition)  
1 large tie barn  
1 milk barn  
1 tie garage and shop  
1 tie chicken house and storage room  
1 livestock shed (poor condition)  
1 livestock scales  
Good set of livestock corrals and loading chute  
1 International 230 Gas. Wheel Tractor  
1 Model B John Deere Wheel Tractor  
1 Bale loader stacker  
1 M Moline hay mower  
1 Case three man wire baler  
1 Disc  
1 hay wagon  
1 sulky rake  
1 Onan 3½ KW power plant  
1 Allis Chalmers Model M Gas. Crawler Tractor

TONKIN RANCH

1 Garage  
1 Shop 70ft. long  
1 Machine shed  
2 large homes  
1 bunk house  
1 wash house  
2 barns  
2 cellars  
1 power house  
1 grain bin  
1 butcher gallows  
1 Fairbanks-Morse Scales

TONKIN RANCH

1 chicken house  
1 Freeman Baler  
1 AC model B tractor  
1 Farm Hand  
1 Overshot stacker  
1 bale loader  
2 Horse buckrakes  
1 International hang on mower  
1 post hole digger  
1 6" Fairbanks Morse 90"-3 stage  
1 AC tractor  
1 John Deere Drill, 12'  
1 John Deere plow, 3 gang  
1 Marker  
1 International Wheel tractor  
Model H and Olson Loader  
1 Ditcher  
1 wood saw  
1 24" dump rake  
1 hay wagon  
1 Onana 3½ KW light plant  
1 water wheel light plant 2½ KW

TOGETHER with all hay on premises as of June 1, 1968, subject only to the right of the First Parties to feed horses, more fully set forth in said Agreement.

TOGETHER with all horses except the personal horses of the First Parties.

First American Title Co.  
of Nevada  
RECORDED AT THE REQUEST OF \_\_\_\_\_  
on Jan. 20, 1972, at 19 mins. past 11 A. M. in  
Book 41 of OFFICIAL RECORDS, page 335-342 RECORDS OF  
EUREKA COUNTY, NEVADA. *Willie A. [Signature]* Recorder.  
File No. 55533 Fee \$ 10.00