

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 9th day of January 1973, by

DIAMOND LAND AND CATTLE, a partnership,

owner of the land hereinafter described and hereinafter referred to as "Owner," and

G. W. GARRETT

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, LIBERTY LIVESTOCK, a co-partnership did execute a deed of trust, dated January 2, 1973, to FIRST AMERICAN TITLE COMPANY OF NEVADA, as trustee, covering:

SEE EXHIBIT "A" ATTACHED

to secure a note in the sum of \$ 60,000.00, dated January 2, 1973, in favor of J. K. METZKER, which deed of trust was recorded Jan 2, 1973, in book 44, page 347, Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$ 1,000,000.00 dated December 12, 1972, in favor of THE TRAVELERS INSURANCE COMPANY, hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; and

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its loan above described without this subordination agreement.

- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

- (a) He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

G. W. Garrett

DIAMOND LAND AND CATTLE

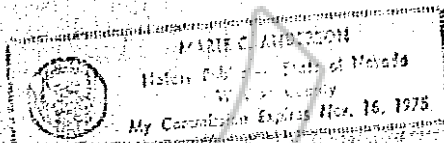
Beneficiary

Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

*State of Nevada
County of Washoe*

*Subscribed & sworn to before
me this 19th day of January, 1973
Marie C. Anderson*



STATE OF NEVADA,)
COUNTY OF ELKO) SS

On this 25th day of January, 1973, personally appeared before me, DOROTHY S. GALLAGHER known to me to be the personal who executed the foregoing instrument.

Walter J. Lefrsky
NOTARY PUBLIC

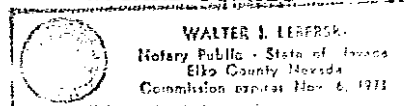


EXHIBIT A

DESCRIPTION

All those certain lots, pieces or parcels of land situate in the County of Eureka, State of Nevada, particularly described as follows, to-wit:

PARCEL I

TOWNSHIP 23½ NORTH, RANGE 49 EAST, M.D.B. & M.

Section 1: Lot 3.

TOWNSHIP 24 NORTH, RANGE 49 EAST, M.D.B. & M.

Section 9: N½NW¼; SE¼NW¼; SW¼NE¼.
Section 10: SE¼SW¼; SW¼SE¼.
Section 12: SW¼SE¼; NE¼SE¼.
Section 13: NE¼NW¼; SW¼NW¼; NW¼SW¼.
Section 14: SE¼SE¼.
Section 15: N½NW¼.
Section 23: NE¼NE¼; SW¼NE¼; W¼SE¼.
Section 26: W¼E¼; NE¼NW¼.
Section 35: E¼W¼.

TOWNSHIP 24 NORTH, RANGE 50 EAST, M.D.B. & M.

Section 2: Lot 3, SE¼NW¼.
Section 7: Lot 2.

TOWNSHIP 25 NORTH, RANGE 50 EAST, M.D.B. & M.

Section 24: SE¼NW¼; NW¼SW¼.
Section 25: S¼SW¼; SE¼.
Section 28: W¼NE¼; SE¼NW¼; S¼SW¼.
Section 32: SE¼NW¼.
Section 33: NW¼NW¼.
Section 35: E¼NE¼; SW¼NW¼; E¼SW¼; SE¼.
Section 36: NW¼NE¼; NW¼; NW¼SW¼.

TOWNSHIP 26 NORTH, RANGE 50 EAST, M.D.B. & M.

Section 1: SE¼NE¼; W¼W¼; E¼SE¼.
Section 11: NE¼NE¼.
Section 12: E¼NE¼; NE¼E¼.
Section 24: E¼SE¼.

-0-

PARCEL NO. I CONTINUED:

TOWNSHIP 25 NORTH, RANGE 51 EAST, M.D.B. & M.

Section 6: Lots 3, 4, 5, 6 and 7; SE $\frac{1}{4}$ NW $\frac{1}{4}$; E $\frac{1}{2}$ SW $\frac{1}{4}$.
Section 7: E $\frac{1}{2}$ NW $\frac{1}{4}$.
Section 19: SE $\frac{1}{4}$ SW $\frac{1}{4}$.
Section 30: NW $\frac{1}{4}$ NE $\frac{1}{4}$; E $\frac{1}{2}$ NW $\frac{1}{4}$; Lots 2 and 3.
Section 35: N $\frac{1}{2}$ NW $\frac{1}{4}$.

TOWNSHIP 26 NORTH, RANGE 51 EAST, M.D.B. & M.

Section 6: Lots 3, 4, 5, 6 and 7; SE $\frac{1}{4}$ NW $\frac{1}{4}$; E $\frac{1}{2}$ SW $\frac{1}{4}$.
Section 7: Lots 1, 2, 3 and 4.
Section 18: Lots 1, 2, 3 and 4.
Section 19: Lots 1, 2, 3 and 4.
Section 30: Lots 1, 2, 3 and 4; E $\frac{1}{2}$ SW $\frac{1}{4}$.
Section 31: NW $\frac{1}{4}$ NE $\frac{1}{4}$; E $\frac{1}{2}$ W $\frac{1}{2}$; Lot 4; SW $\frac{1}{4}$ SE $\frac{1}{4}$.

TOWNSHIP 27 NORTH, RANGE 51 EAST, M.D.B. & M.

Section 30: S $\frac{1}{2}$ NE $\frac{1}{4}$; Lot 4; E $\frac{1}{2}$ SW $\frac{1}{4}$; N $\frac{1}{2}$ SE $\frac{1}{4}$.
Section 31: Lot 1.

PARCEL NO. II

TOWNSHIP 24 NORTH, RANGE 50 EAST, M.D.B. & M.

Section 20: W $\frac{1}{2}$ SW $\frac{1}{4}$.
Section 30: N $\frac{1}{2}$ NW $\frac{1}{4}$; NE $\frac{1}{4}$ NW $\frac{1}{4}$; Lot 1 (NW $\frac{1}{4}$ NW $\frac{1}{4}$).

TOWNSHIP 25 NORTH, RANGE 50 EAST, M.D.B. & M.

Section 32: NE $\frac{1}{4}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$.

EXCEPTING, THEREFROM, all mines of gold, silver, copper, lead, cinnabar and other valuable minerals which may exist in said tract, including all gas, coal, oil and oil shales as reserved in Deeds conveying above parcels to TESSIE DAMELE, et al, executed by RUBY LAND CORPORATION, as recorded August 24, 1951 in Book 24 of Deeds at page 157; by HOMER D. TUTTLE and GLENDORA TUTTLE, as recorded August 22, 1951 in Book 24 of Deeds at page 158; and by FRANK D. CARROLL and NINA J. CARROLL, as recorded August 24, 1951 in Book 24 of Deeds at page 161, all Eureka County, Nevada, Records.

-0-

PARCEL NO. III

TOWNSHIP 24 NORTH, RANGE 50 EAST, N.D.B. 1111

Section 14: SW $\frac{1}{4}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$; SW $\frac{1}{4}$; W $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 22: NE $\frac{1}{4}$.

Section 23: NW $\frac{1}{4}$.

EXCEPTING, THEREFROM, a one-fourth interest in all minerals, as reserved in Deed dated October 20, 1960, executed by JEAN SALLABERRY, et al, to CHARLES DANIELE, et al, and recorded October 26, 1960 in Book 25 of Deeds at page 467, Eureka County, Nevada, Records.

TOGETHER WITH all buildings and improvements situated thereon.

TOGETHER WITH the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TOGETHER WITH all water, water rights, rights to the use of water, dams, ditches, canals, pipelines, reservoirs, wells, permits issued by the State Engineer's Office of the State of Nevada, and all other means of diversion of or use of water, pertaining to the said property or any part thereof, or used or enjoyed in connection therewith, and together with any stock water, water, water rights used or enjoyed in connection with the use of any of the said parcels of land.

TOGETHER WITH all range rights and grazing rights, including all so-called Taylor Grazing rights or privileges, and all rights to graze cattle on the Public Domain now or hereafter used upon or in connection with said parcels of real property.

TOGETHER WITH one-half (1/2) of all minerals, oil or gas, presently owned by the Sellers, lying on, in or under the above parcels of real property, SUBJECT TO the certain oil and gas mining lease dated December 14, 1967 between CHARLES DANIELE, LEO J. DANIEL and JOHN V. DANIEL, a co-partnership doing business under the name of DANIEL DANIEL & SONS, and all of the County of Eureka, State of Nevada, First Parties and Lessee, and MODOC MINERAL AND OIL CO., INC., a Nevada Corporation, Second Party and Lessee, and the First Parties hereby assign unto the Second Party an undivided one-half interest in and to said oil and gas mining lease.

RESERVING, HOWEVER, unto the Sellers, one-half (1/2) of all minerals, oil or gas, presently owned by the Sellers, lying on, in or under the above parcels of real property, and an undivided one-half interest in and to the above mentioned oil and gas mining lease between First Parties herein and MODOC MINERAL AND OIL CO., INC., together

with the exclusive right at all times
to enter upon or in said land to prospect for
and drill, bore and recover and remove the same,
it being understood that the right to enter upon
or in said land, to prospect for and to drill,
bore and recover and remove the same will be
done in such a manner that it will not disrupt
the operations on said premises or cause damage
to said premises or surface or underground waters
or water rights appurtenant thereto.

RECORDED AT THE REQUEST OF First American Title Co. of Nevada
on Jan. 29 1973 at 30 mins. past 4 P. M. to
Book 44 of OFFICIAL RECORDS, page 397-402 RECORDS OF
EUREKA COUNTY, NEVADA William A. McFarlane Recorder
File No. 57030 Fee \$ 8.00