

SECURITY AGREEMENT

BURKE PETERSEN and YVONNE PETERSEN, his wife, of Eureka, Nevada, hereinafter called Debtors, for valuable consideration, receipt whereof is hereby acknowledged, hereby grant to DONALD C. ENTZ, individually and as Executor of the Estate of J. W. ENTZ, Deceased, A. BOYD CLEMENTS, T. C. ANDERSON and PATSY ANDERSON, dba EUREKA RANCH COMPANY, a Partnership, 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 incorporated herein by reference.

All to secure the payment of SIX HUNDRED THOUSAND DOLLARS, (\$600,000.00), 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.

Debtors hereby warrant and covenant that the Collateral is used primarily for business use.

If the Collateral is to be attached to real estate, a description of the real estate is as follows: Certain items are attached and certain items unattached, but all to be used with the FISH CREEK RANCH in Nye, Eureka, White Pine and Lander Counties, Nevada, which address is Debtors' place of business in said State, and Debtors hereby warrant and covenant that the Collateral will be kept on and about the FISH CREEK RANCH in Nye, Eureka, White Pine and Lander Counties, Nevada.

When Recorded Return to:
First Commercial Title Inc
P.O. Box 569
Reno, NV 89504

(Burgess) address - P.O. Box 38
Eureka, Nev 89531
Secured Parties
P.O. Box 70487
Phoenix Ariz 85036

LAW OFFICES
EVANS & BILYEU
PROFESSIONAL CENTER
ELKO, NEVADA 89801

22530-2

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 Secured Parties, Debtors will join with Secured Parties in executing one or more Financing Statements 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 wherever filing or recording is deemed by the Secured Parties to be necessary or desirable.

3. Debtors will not sell or offer to sell, or otherwise transfer the Collateral or any interest therein without the written consent of Secured Parties. Debtors will not sell or offer to sell, without written consent of Secured Parties, unless a replacement or substitution of equal value is made during the life of this Agreement.

4. Debtors will have and maintain insurance at all times with respect to all Collateral against risks of loss in the sum of \$_____, or the amount of the outstanding principal of the Note secured hereby, whichever is the lower; in the event of loss, the proceeds from the policy shall be escrowed and shall be used for replacement of the damaged equipment, but if not so used within ninety (90) days from date of loss, then the same shall be applied upon accrued interest to date, and the principal of the Promissory Note secured hereby, and if any re-

maining, the same shall be delivered to Debtors. All insurance policies shall show the respective interests of the parties hereto.

5. 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.

6. 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, may pay for insurance 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 and not inconsistent with any policy of insurance thereon.

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

1. Default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any Note evidencing the same.
2. Loss, theft, substantial damage, destruction, danger or misuse or confiscation of Collateral in the opinion of Secured Parties, sale or

encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon, not released within thirty (30) days.

3. Dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property or, 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 such 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:

FISH CREEK RANCH
Eureka, Nevada 89316

Such notice shall be mailed at least ten (10) 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's fee and legal expenses.

No waiver by 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 them as joint tenants with right of survivorship, and to the heirs, executors, administrators and assigns of the survivor, and all obligations of Debtors shall bind their heirs, executors, administrators, successors or assigns. If there be more than one Debtor, their obligations hereunder shall be joint and several.

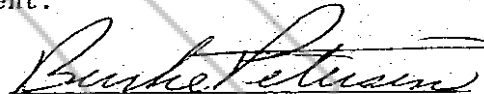
Upon the payment of the first annual principal installment on December 1, 1975, the Secured Parties agree to release all personal property from this Security Agreement.

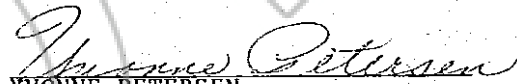
This Agreement shall become effective when it is signed by Debtors.

The mailing address of Debtors is as follows:

311 Park Hill Drive > PO Box 38
Billings, Montana > EUREKA, NV. 89316

Signed in duplicate and delivered on the 1st day of June, 1974. Secured Parties need only sign if Agreement is to be used as a Financing Statement.

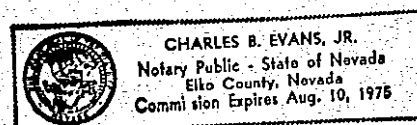

BURKE PETERSEN


YVONNE PETERSEN

STATE OF NEVADA)
) SS.
COUNTY OF ELKO)

On this 1st day of June, 1974, personally appeared before me, a Notary Public, BURKE PETERSEN and YVONNE PETERSEN, his wife, who acknowledged to me that they executed the foregoing instrument.


NOTARY PUBLIC



LAW OFFICES
EVANS & BILYEU
PROFESSIONAL CENTER
ELKO, NEVADA 89801

1953 Willys Jeep ID# 3J141723
 1967 Chevrolet 1/2 Ton Pickup ID# CS147Z121858
 1968 Dodge 3/4 Ton 4-Wheel Drive ID# 2281833307
 1968 Chevrolet 1/2 Ton 4-wheel drive ID# KE148Z125954
 1968 Chevrolet 1/2 Ton 4-wheel drive ID# KE148Z136412
 1968 Chevrolet 2 Ton 16 ft. stock rack ID# CE538Z125896
 1964 GMC6 Pickup ID# HF1219A
 1969 Chevrolet 2 Ton 20 ft. stock rack ID# CE539P861417
 1959 Willys Jeep ID# 5754885110
 1963 Jeep 1/2 Ton 4-wheel drive ID# 11202
 1957 International Truck ID# R185A54027
 1956 Chevrolet Truck stake ID# 3G56L005619
 1962 Flo-Al House Trailer ID# FA1015
 1958 New Moon House Trailer ID# R50X28243IM
 1961 Victor House Trailer ID# 13470
 1961 Detroit Dlx House Trailer ID# FB45F10SDDK 6176
 1960 Transcontinental House Trailer ID# 60105011542
 1961 Cameo Mobile Home ID# 55AA 1537376
 1948 TMCTR Stake Trailer
 1948 Transport Stake Trailer
 1944 Homemade Trailer
 1942 Homemade Trailer
 1937 4 wheel Trailer
 1943 American Semi-Trailer
 Ford Skip Loader
 Diesel Wheel tractor
 Manure spreader
 Ford wheel tractor
 TD9 IH Tractor with dozer
 Dodge Power Wagon
 I H Wheel Tractor
 Fertilizer spreader
 Ditcher
 TD9 Tractor
 25 Saddle Horses
 1 Purched Quarterhorse Stud
 8 Brood Mares and Colts

RECORDED AT THE REQUEST OF First Commercial Title, Inc.
 on June 21, 1974 at 12 mths. past 12 P. M.
 book 48 of OFFICIAL RECORDS, page 385-390 RECORDS OF
 EUREKA COUNTY, NEVADA Theresa A. Notario Recorder
 File No. 58722 Fee \$ 8.00
FILE NO. 58722

IT IS THE INTENTION TO INCLUDE ALL PERSONAL PROPERTY
 LOCATED ON THE FISH CREEK RANCH AND OWNED BY FIRST PARTIES.