

SUBORDINATION AGREEMENT

WHEREAS, LIBERTY LIVESTOCK, a co-partnership consisting of J. H. SEWELL and MOLLIE S. SEWELL, his wife, and THOMAS H. GALLAGHER and DOROTHY S. GALLAGHER, his wife, as Trustors, has heretofore executed a Deed of Trust in favor of G. W. GARRETT, as Beneficiary, securing the payment of the sum of SIXTY THOUSAND (\$60,000.00) DOLLARS with interest, and as security for any and all money that may thereafter become due or payable from said Trustors to the Beneficiary, and said Deed of Trust covering certain lots, pieces or parcels of land situate in the County of Eureka, State of Nevada, particularly described in Exhibit "A" attached hereto, the same being dated the 2nd day of January, 1973 and recorded on January 29, 1973 in Book 44 of Official Records, Page 347-355, File 57023 of the Records of the Eureka County Recorder, State of Nevada, and

WHEREAS, Diamond Land & Cattle, a partnership, and Thomas H. Gallagher and Dorothy S. Gallagher, Charles N. Damele, Patricia S. Damele, R. D. Damele, Arlene W. Damele, G. W. Garrett and Christine F. Garrett, as partners, have applied for the renewal of a loan now due and owing made by Producers Livestock Loan Company to said partnership in the sum of ONE MILLION SEVEN HUNDRED THIRTY-FOUR THOUSAND EIGHT HUNDRED SIXTY and 52/100 (\$1,734,860.52) DOLLARS as of May 31, 1974, and have applied for an increase in said loan to the extent that it be increased to a total of TWO MILLION NINETY-EIGHT THOUSAND EIGHT HUNDRED SEVENTY-NINE and 52/100 (\$2,098,879.52) DOLLARS plus interest, but as a

condition thereof the said Producers Livestock Loan Company requires as a part of the security for said renewal and increase in loan, that it be given a Deed of Trust, naming it as Beneficiary, and covering the properties hereinafter referred to in Exhibit "A", and that said Deed of Trust in favor of the Producers Livestock Loan Company shall become a lien prior to the lien of the Deed of Trust above referred to in favor of G. W. Garrett, and that said Deed of Trust in favor of G. W. Garrett would be subordinated to the Producers Livestock Loan Company's Trust Deed, securing a promissory note of said partnership for the sum of \$2,098,879.52, with interest thereon, and any extension, additions or renewals thereof and any additional amounts, if any, advanced by said Producers Livestock Loan Company to protect its security for said note, including attorney's fees and costs,

NOW, THEREFORE, in consideration of the premises and of ONE (\$1.00) DOLLAR and as an inducement for the Producers Livestock Loan Company to renew and increase its loan to the partnership, all of which is hereby acknowledged, and to effect the subordination of said G. W. Garrett Deed of Trust, G. W. Garrett does hereby acknowledge and agree that his above-described Deed of Trust of which he is still the Beneficiary, is subject, junior and inferior to the above-described Producers Livestock Loan as renewed and increased to the sum of \$2,098,879.52, plus interest, additions, renewals or further advances, attorney's fees and costs, and to the Deed of Trust securing same covering the herein-described

property.

IN WITNESS WHEREOF, G. W. Garrett has hereunto set his hand
this 15th day of June, 1974.

x [Signature]

G. W. Garrett

STATE OF NEVADA)
) ss.
COUNTY OF ELKO)

On the 15th day of June, 1974, personally appeared
before me, a Notary Public, in and for Elko County, G. W.
Garrett, known to me to be the person whose name is subscribed
to the within instrument, and acknowledged to me that he sub-
scribed his name thereto, freely and voluntarily and for the
uses and purposes therein mentioned.

[Signature]

Notary Public

Residing in:

My commission expires:

8-10-75



CHARLES B. EVANS, JR.
Notary Public - State of Nevada
Elko County, Nevada
Commission Expires Aug. 10, 1975

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 1

TOWNSHIP 23 NORTH, RANGE 49 EAST, M.D.B. & M.

Section 1: Lot 3.

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

Section 9: NW1/4; SE1/4; SW1/4.
Section 10: SE1/4; SW1/4.
Section 12: SW1/4; NE1/4.
Section 13: NE1/4; SW1/4; NW1/4.
Section 14: SE1/4.
Section 15: NW1/4.
Section 23: NE1/4; SW1/4; W1/2.
Section 26: W1/2; NE1/4.
Section 35: E1/4.

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

Section 2: Lot 3, SE1/4.
Section 7: Lot 2.

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

Section 24: SE1/4; NW1/4.
Section 25: S1/2; SE1/4.
Section 28: W1/2; SE1/4; S1/2.
Section 32: SE1/4.
Section 33: NW1/4.
Section 35: E1/2; SW1/4; E1/4; SE1/4.
Section 36: NW1/4; NW1/4; NW1/4.

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

Section 1: SE1/4; W1/2; E1/4.
Section 11: NE1/4.
Section 12: E1/4; NE1/4.
Section 24: E1/4.

PARCEL NO. 1 CONTINUED:

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

Section 6: Lots 3, 4, 5, 6 and 7; SE1/4; E1/4.
Section 7: E1/4.
Section 19: SE1/4.
Section 30: NW1/4; E1/4; Lots 2 and 3.
Section 35: NW1/4.

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

Section 6: Lots 3, 4, 5, 6 and 7; SE1/4; E1/4.
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; E1/4.
Section 31: NW1/4; E1/4; Lot 4; SW1/4.

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

Section 20: SW1/4; Lot 4; E1/4; NW1/4.
Section 31: Lot 1.

WITNESSED BY

TOWNSHIP 28 NORTH, RANGE 51 EAST, M.D.B. & M.

Section 18: NW1/4.
Section 30: NW1/4; E1/4; Lot 1 (SW1/4).

TOWNSHIP 29 NORTH, RANGE 51 EAST, M.D.B. & M.

Section 32: NW1/4; SW1/4.

EXCEPTING, THEREFROM, all mines of gold, silver, copper, lead, zinc, bar 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 TERNIE BAMELS, et al, executed by RUBY LAND CORPORATION, as recorded August 24, 1951 in Book 24 of Deeds at page 157; by HOWE D. TUTTLE and GLENORA TUTTLE, as recorded August 22, 1951 in Book 24 of Deeds at page 153; 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.

PARCEL NO. TYPE

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

Section 14: SWLNTL; SEWNTL; SWL; WLSSE.
Section 22: N-2

Section 22: New
Section 23: 170

Section 23: INT

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

TOGETHER WITH all buildings and improvements
situated thereon.

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

[illegible]

including oil, coal, timber, fishing rights, or
privileges, and all rights or grants of title or the
Hobbs House and at present there was upon or in
connection with said parcel of land property.

TOGETHER WITH ANNUAL (b) of all minerals, oil or gas, presently owned by the Sellers, lying on, in or under the above parcels of real property, SUBJECT to their existing oil and gas mining leases dated December 16, 1937 between CHARLES PERDUE, LEO J. PERDUE, and ARNOLD W. PERDUE, a co-partnership doing business under the name of PERDUE PERDUE & PERDUE, and all of the County of Burke, State of Nevada, Plots, Parcels and Leases, and MCDONALD MINERAL AND OIL CO., INC., a Nevada Corporation, Second Party and Lessee, and the First Party; hereby assign unto the Second Party an undivided one-half interest in and to said oil and gas mining, leases.

RESERVINGS, HOWEVER, under the Sellers, one-half (1/2) of all microfilm, 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 each of the above mentioned oil and gas claims, loans between first parties herein and MESSrs. 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 Doroth Gallagher
June 28, 1974, at 20 min. past 3 P. M. in
book 48 of OFFICIAL RECORDS, page 451-457, RECORDS OF
EUREKA COUNTY, NEVADA Julius A. Roberts Recorder.
File No. 58744 Fee \$ 9.00

FILE NO. 58744

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BOOK PAGE