

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, as heretofore executed a Deed of Trust in favor of J. K. Metzker, 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 as 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 365-373, File 57025 of the Records of the Eureka County Recorder, State of Nevada, and

WHEREAS, Diamond Land & Cattle, a partnership, and Thomas H. Gallagher, 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 a loan from Producers Livestock Loan Company to said partnership in the sum of THIRTY-SIX THOUSAND SIX HUNDRED SEVENTY AND 02/100 (36,670.02) DOLLARS plus interest, but as a condition thereof the said Producers Livestock Loan Company requires as a part of the security for said 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 J. K. Metzker, and that said Deed of Trust in favor of J. K. Metzker would be subordinated to the Producers Livestock Loan Company's Trust Deed, securing a promissory note of said partnership for the sum of \$36,670.02, 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 in inducement for the Producers Livestock Loan Company to loan to the partnership, all of which is hereby acknowledged, and to

effect the subordination of said J. K. Metzker Deed of Trust, J. K. Metzker 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 Company loan in the sum of \$36,670.02, 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, J. K. Metzker has hereunto set his hand this 13 day of August, 1974.

J. K. Metzker
J. K. Metzker

STATE OF NEVADA)
) SS.
COUNTY OF ELKO)

On the 13 day of August, 1974, personally appeared before me, a Notary Public, in and for Elko County, J. K. Metzker, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he subscribed his name thereto, freely and voluntarily and for the uses and purposes therein mentioned.

Dawn C. McDaniel
Notary Public
Residing in:

My commission expires:

Feb. 22, 1978

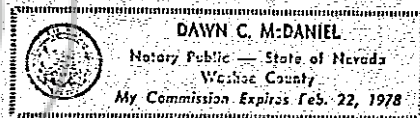


EXHIBIT A

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 23 1/2 NORTH, RANGE 49 EAST, M.D.B. & M.

Section 1: Lot 3.

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

Section 9: N1/4; 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: N1/4.
Section 21: NE1/4; SW1/4; W1/4.
Section 25: W1/4; 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 29: W1/4; SE1/4; S1/2.
Section 32: SE1/4.
Section 33: NW1/4.
Section 35: E1/4; SW1/4; E1/2; SE1/4.
Section 36: NW1/4; W1/4; NW1/4.

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

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

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PARCEL NO. I CONTINUED:

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

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

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

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

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

Section 32: NE $\frac{1}{2}$ 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 DANIEL, et al, executed by RUBY LAND CORPORATION, as recorded August 26, 1951 in Book 24 of Deeds at page 157; by HOMER D. TUTTLE and GLENORA TUTTLE, as recorded August 22, 1951 in Book 24 of Deeds at page 155; and by FRANK D. CARROLL and NINA J. CARROLL, as recorded August 26, 1951 in Book 24 of Deeds at page 161, all Eureka County, Nevada, Records.

PARCEL NO. III

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

Section 14: SW1/4; SW1/4; SW1/4; W1/2E4.
Section 22: NE1/4.
Section 23: NW1/4.

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 DANIELS, 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 situate thereon.

TOGETHER WITH the contents, hereditaments and appurtenances thereto belonging or in anywise appertaining, the royalties and reveries, remainder and remainders, rents, issues and profits thereof.

TOGETHER WITH all water, water rights, rights to the use of water, dms, 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 Lands 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 that certain oil and gas mining lease dated December 16, 1957 between CHARLES DANIELS, LEO J. DANIELS, and JOHN V. DANIELS, a co-partnership doing business under the name of FIFTEEN DANIELS & SONS, and all of the County of Eureka, State of Nevada, First Parties and Lessee, and MADONN 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 MADONN 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 Producers Livestock Loan Co.
on Aug. 21, 1974, at 53 mins. past 10 A. M.
Book 49 of OFFICIAL RECORDS, page 250-255, RECORDS OF
TUREKA COUNTY, NEVADA, Mills C. Baker Recorder
File No. 59067 Fee \$ 8.00

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