

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, Ariene 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 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 \$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 an inducement for the Producers Livestock Loan Company to loan to the partnership, all of which is hereby acknowledged, and to effect the sub-



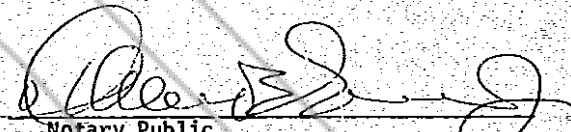
ordination of said G. W. Garrett Deed of Trust. G. W. Garrett does hereby acknowledge and agree that his above-described Deed of Trust of which is still the Beneficiary, is subject, junior and inferior to the above-described Producers Livestock Loan Company's Loan in the sum of \$36,670.02 plus interest, 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, G. W. Garrett has hereunto set his hand this 15th day of August, 1974.

  
G. W. Garrett

STATE OF NEVADA }  
COUNTY OF ELKO } SS.

On the 15th day of August, 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 subscribed his name thereto, freely and voluntarily and for the uses and purposes therein mentioned.

  
Notary Public  
Residing in: ELKO, NEVADA

My commission expires:

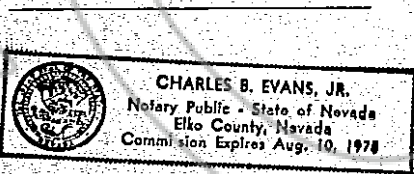




EXHIBIT A

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

Section 1: Lot 3.

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

Section 9: NW/4; SE/4; SW/4  
Section 10: SE/4; SW/4  
Section 12: SW/4; NE/4  
Section 13: NE/4; SW/4; NW/4  
Section 14: SE/4  
Section 15: NW/4  
Section 23: NE/4; SW/4; W/4  
Section 25: W/4; NE/4  
Section 35: E/4

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

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

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

Section 24: SE/4; NW/4  
Section 25: S/4; SE/4  
Section 29: W/4; SE/4; S/4  
Section 32: SE/4  
Section 33: NW/4  
Section 35: E/4; SW/4; E/4; SE/4  
Section 36: NW/4; W/4; NW/4

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

Section 1: SE/4; W/4; E/4  
Section 11: NE/4  
Section 12: E/4; NE/4  
Section 24: E/4

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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; SE1/4NW1/4; E1/4SW1/4.  
Section 7: E1/4NW1/4.  
Section 19: SE1/4SW1/4.  
Section 30: NE1/4NW1/4; E1/4NW1/4; Lots 2 and 3.  
Section 35: N1/4NW1/4.

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

Section 6: Lots 3, 4, 5, 6 and 7; SE1/4NW1/4; E1/4NW1/4.  
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; E1/4SW1/4.  
Section 31: NW1/4NE1/4; E1/4NW1/4; Lot 4; SW1/4SE1/4.

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

Section 30: SE1/4NE1/4; Lot 4; E1/4SW1/4; NW1/4SE1/4.  
Section 31: Lot 1.

PARCEL NO. II

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

Section 20: W1/4SW1/4.  
Section 30: N1/4NW1/4; NE1/4NW1/4; Lot 1 (NW1/4NW1/4).

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

Section 32: NE1/4SE1/4; SW1/4SE1/4.

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 24, 1951 in Book 24 of Deeds at page 157; by HOMER D. TUTTLE and GLENGRA 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 24, 1951 in Book 24 of Deeds at page 161, all Eureka County, Nevada, Records.



PARCEL NO. III

TOWNSHIP 74 NORTH, RANGE 50 EAST, N.D.E. & M.

Section 16: SW1/4; SE1/4; SW1/4; NW1/4.  
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 SALLAGERRY, et al, to CHARLES DANIEL, 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 permits, hereditaments and appurtenances thereto belonging or in anywise appertaining, the revenues 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 game 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 that certain oil and gas mining lease dated December 10, 1957 between CHARLES DANIEL, LEO J. DANIEL, and WALTER V. DANIEL, a co-partnership doing business under the name of DANIEL DANIEL & SON, and all of the County of Eureka, State of Nevada, First Parties and Lesors, and KOSCO 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 hereto and KOSCO 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 August 21 1974 at 55 min. past 10 A. M. in  
Book 49 of OFFICIAL RECORDS, pages 275-280 RECORDS OF  
CLYDE COUNTY, NEVADA. Wells A. McPaul Recorder  
File No. 59069 Fee \$ 8.00

File No. 59069

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BOOK PAGE