

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 CHARLES DAMELE, also known as CHARLES J. DAMELE, and JUANITA DAMELE, his wife, as Beneficiaries, securing the payment of the sum of ONE HUNDRED EIGHTY-NINE THOUSAND FIVE HUNDRED FIFTY-NINE AND 74/100 (\$189,559.74) DOLLARS, with interest, and as security for said amount in the payment of all monies therein agreed or provided to be paid by the Grantors or which may be paid out or advanced by the said Grantees under the provisions of said Deed of Trust, and the 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, Pages 337-346, File 57022 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 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 required 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 Charles Damele, also known as Charles J. Damele, and Juanita Damele, his wife, and that said Deed of Trust in favor of Charles Damele, also known as Charles J. Damele, and Juanita Damele, his wife, 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 subordination of said Charles Damele, also known as Charles J. Damele, and Juanita Damele, his wife, Deed of Trust, Charles Damele, also known as Charles J. Damele, and Juanita Damele, his wife, do hereby acknowledge and agree that their above-described Deed of Trust of which they are still the Beneficiaries, 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, Charles Damele, also known as Charles J. Damele, and Juanita Damele, his wife, have hereunto set their hands this 15th day of August, 1974.

+ Charles Damele
Charles Damele, also known as
Charles J. Damele

+ Juanita Damele
Juanita Damele

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, Charles Damele, also known as Charles J. Damele, and Juanita Damele, his wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they subscribed their names thereto, freely and voluntarily and for the uses and purposes therein mentioned.

Charles B. Evans, Jr.
Notary Public
Residing in: ELKO, NEVADA

My Commission expires _____

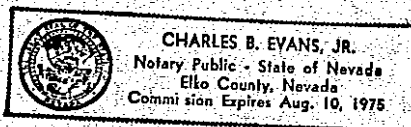


EXHIBIT A

DESCRIPTION

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

PARCEL I.

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

Section 1: Lot 3

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

Section 9: M. S. S.; S. S. S.; S. S. S.

Section 10: S. S. S.; S. S. S.

Section 12: S. S. S.; S. S. S.

Section 13: S. S. S.; S. S. S.; S. S. S.

Section 14: S. S. S.

Section 15: M. S. S.

Section 23: S. S. S.; S. S. S.; S. S. S.

Section 26: M. S. S.; S. S. S.

Section 35: D. W.

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

Section 2: Lot 3, S. S. S.

Section 7: Lot 2.

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

Section 21: S. S. S.; S. S. S.

Section 25: S. S. S.; S. S. S.

Section 28: M. S. S.; S. S. S.; S. S. S.

Section 32: S. S. S.

Section 33: M. S. S.

Section 35: S. S. S.; S. S. S.; S. S. S.; S. S. S.

Section 36: M. S. S.; S. S. S.; S. S. S.

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

Section 1: S. S. S.; M. S. S.; S. S. S.

Section 11: S. S. S.

Section 12: S. S. S.; S. S. S.

Section 24: S. S. S.

PARCEL NO. I CONTINUED:

TOWNSHIP 25 NORTH, RANGE 51 EAST, H.D.B. 24.

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

TOWNSHIP 26 NORTH, RANGE 51 EAST, H.D.B. 24.

Section 6: Lots 3, 4, 5, 6 and 7; SE1/4NW; E1/4SW.
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; E1/4SW.
Section 31: NW1/4NE; E1/4W; Lot 4; SW1/4SE.

TOWNSHIP 27 NORTH, RANGE 51 EAST, H.D.B. 24.

Section 30: SW1/4E; Lot 4; E1/4SW; NW1/4SE.
Section 31: Lot 1.

PARCEL NO. II

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

Section 28: NW1/4SW.
Section 30: NW1/4E; NE1/4NW; Lot 1 (NW1/4NW).

TOWNSHIP 25 NORTH, RANGE 50 EAST, H.D.B. 24.

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

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 DANFEL, 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 HILMA J. CARROLL, as recorded August 24, 1951 in Book 24 of Deeds at page 161, all Lurena County, Nevada, Records

PARCEL NO. III

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

Section 14: SW1/4NE; SE1/4NW; SW1/4W;
Section 22: NW1/4E.
Section 23: NW1/4E.

PLANNED NO. 111 CONTINUED

EXCEPTING THEREFROM, a one-fourth interest in all minerals, as reserved in Deed dated October 20, 1950, executed by JENY SALLASERRY, et al, to CHARLES DAMELE, et al, recorded October 26, 1950 in Book 25 of Deeds at page 457, Eureka County, Nevada, Records.

PARCEL VIII

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

Section 1: SE1/4SE1/4NE1/4; E1/4NE1/4SE1/4;
E1/4SE1/4SE1/4; NE1/4SE1/4SE1/4

Section 28: SE1/4NE1/4

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

Section 30: SW1/4SW1/4NW1/4; W1/4SW1/4NW1/4;
SW1/4SE1/4NW1/4; W1/4SE1/4NW1/4SE1/4;
NW1/4SW1/4SE1/4; SW1/4SW1/4SE1/4;
SW1/4SE1/4

Section 31: NW1/4SW1/4NE1/4; W1/4SW1/4SW1/4NE1/4

EXCEPTING, THEREFROM, all oil and gas as reserved in Patent executed by UNITED STATES OF AMERICA to LIBERTY LIVESTOCK recorded August 29, 1972 in Book 43 of Official Records at page 46, Eureka County, Nevada.

FURTHER EXCEPTING from PARCELS I, II and III one-half of all minerals, oil or gas owned by CHARLES J. BAYLLE, et al as reserved in Deed to LIBERTY LIVESTOCK recorded January 26, 1972 in Book 41 of Official Records at page 318, Eureka County, Nevada.

PARCEL IX

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

Section 30: Lots 9 & 10; SW1/4SE1/4SE1/4NW1/4; E1/4SE1/4SE1/4NW1/4

Section 31: NW1/4SW1/4NE1/4; SW1/4SW1/4NE1/4NW1/4

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 DAMELE, 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 tenements, hereditaments and appurtenances thereunto 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, pertinent 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 heretofore used upon or in connection with said parcels of real property.

RECORDED AT THE REQUEST OF Producers Livestock Loan Co.

on Aug. 21, 1974 at 56 mins. past 10 A. M.

Book 49 of OFFICIAL RECORDS, page 281-287 RECORDS OF

EUREKA COUNTY, NEVADA Walter A. Hoffmann Recorder.

File No. 59070 Fee 9.00

File No. 59070

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