

60720

L E A S E

THIS LEASE made and entered into this 19th day of December 1975, by and between CHARLES DAMELE and JUANTIA DAMELE, his wife, hereinafter called "Lessors"; and STEPHEN DAMELE, hereinafter called "Lessee";

W I T N E S S E T H :

That the said Lessors for and in consideration of the sum of ONE DOLLARS (\$1.00) in hand paid, receipt whereof is hereby acknowledged, and of the covenants and agreements hereinafter mentioned, do hereby demise and let unto the Lessee, and the Lessee does hereby rent and hire from the Lessors, all that certain real property situate in the County of Eureka, State of Nevada, more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by reference.

TOGETHER WITH all buildings and improvements situate thereon.

TOGETHER WITH all water, dams, ditches, all stock-watering rights, water rights, means of transporting or storing water attached to or pertinent to said lands.

TOGETHER WITH all range and range rights, grazing rights and privileges attached to or pertinent to said property.

TERM OF LEASE

The term of this lease shall be for a period of thirty years, commencing January 1, 1976, and extending to and including December 31, 2005 with an option to renew said lease for an additional ten year period commencing January 1, 2006.

RENT

The Lessee agrees to pay to the Lessors as and for rent of the above-described property the sum of One Thousand DOLLARS, (1,000.⁰⁰), per year during the term of this Lease, said rental payments to be made on the 1st day of each year this lease agreement is in existence with the first payment to be made

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JANUARY 1, 1976.

DUTIES OF THE LESSEE

The Lessee at his own expense shall operate and maintain the said ranch property and shall irrigate all lands under cultivation and all irrigated pasture land, put the water to beneficial use and utilize the grazing rights and permits all in accordance with the standard of good husbandry in the area. Lessee shall not do any acts so as to prejudice the water rights or grazing rights or permits or cause the loss or impairment of the same through any act or omission of the Lessee or his agents or employees. Lessee shall immediately advise the Lessors of any contemplated or threatened action by any government agency that might affect the water rights or grazing rights and the Lessee shall cooperate so as to prevent any loss or reduction of said rights.

During the term of this lease, Lessee shall pay all the expenses of the operation and maintenance of all of the said leased property, and shall pay all grazing fees, taxes on the leased property, and all taxes on personal property, equipment and machinery used on said leased property and on all livestock brought onto the premises by the Lessee and any and all other taxes in connection with the operation of said property.

Lessee shall maintain and keep all employees insured with the Nevada Industrial Commission or such other insurance as shall be acceptable to the Lessors, and shall indemnify and hold the Lessors harmless from any injuries or damages occasioned on or about the said premises by the Lessee, his agents, employees, guests, invitees or any other person. Lessee acknowledges that he is fully acquainted with the Lease property and the condition thereof.

Lessee shall also hold the Lessors harmless from any and all debts, obligations or other liabilities incurred in connection

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with the operation of said Lease property. The Lessee shall not through his own acts or the acts of his agents or employees cause or allow any attachment or execution of Lease property, and in the event of such attachment, execution or seizure of said property by a receiver or trustee, this Lease shall cease and terminate.

MAINTAINING PROPERTY

Lessee shall not commit or permit any waste of said Lease property and shall maintain and keep in good repair all buildings, fences and corrals and shall return the same at the end of this Lease in as good a condition as when received except for reasonable wear and tear provided it is understood that Lessee shall not be responsible for any loss, damage or destruction to said buildings or improvements on said Lease property, unless the same is caused by the negligence of the Lessee or his agents. Upon the termination of this Lease any and all grazing rights, privileges and permits shall revert to and be return to the Lessors.

The Lessee shall be responsible to maintain fire insurance on the improvements on said property with at least the same amount of coverage as now exist.

In the event of fire or other catastrophe causing destruction of said leased improvements, the Lessee may use the insurance proceeds for repairing or replacing the improvements with the consent of the Lessors. It is understood that the Lessors shall be named under said insurance coverage as First Loss Payees.

RIGHTS OF THE LESSEE

The Lessors covenant that so long as the Lessee performs the covenants and conditions of this Lease and pays the rents as herein set forth he shall and may peaceably and quietly have and enjoy said property without hindrance from the Lessors during the full term of this Lease.

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RIGHT OF INSPECTION

The Lessors personally, or through their agent, shall have the right to inspect the property at any reasonable time and to advise the Lessee of any condition that needs to be corrected so as to maintain the ranch and property in accordance with the terms of this Lease, and the Lessee agrees to correct such matters within a reasonable time after receipt of notice of his failure to properly maintain the premises.

Upon a breach or default of any of the covenants or agreements in this Lease by the Lessee, or upon failure of the Lessee to pay the rents on or before the date specified, the Lessors at their option, may, after first giving thirty (30) days notice to the Lessee specifying said default and said default remaining uncorrected reenter and take possession of all of said Leased property, reserving to themselves any remedy at law or equity for damages or otherwise. This Lease shall then cease and terminate and the Lessors may retain all advance rent paid, if any, as liquidated and stipulated damages.

NOTICE

All notices herein referred to shall be given to the Lessors at the following address:

Charles and Juanita Damele
Box 316
Eureka, Nevada 89316

and to the Lessee at the following address:

Stephen Damele
Sheep Creek Ranch
Carlin, Nevada 89822

All notices shall be deemed given from the date of personal service or from date of mailing in the United States Mail by Certified or Registered mail, postage prepaid, addressed to the proper parties.

LEASE NOT ASSIGNABLE

This Lease cannot be assigned by the Lessee without the

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express written consent of the Lessors first obtained.

BENEFITS OF LEASE

This Lease, subject to the foregoing paragraph, shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, assigns and successors of the parties hereto.

OPTION TO RENEW LEASE

Lessors grant to Lessee the right and option to renew this Lease for a period of ten years beginning on January 1, 2006 and expiring on December 31, 2015 at a rental of One Thousand DOLLARS (\$ 1,000.⁰⁰) and otherwise subject to and on all of the terms and conditions herein contained. This option must be exercised by the giving to Lessors at least sixty days prior to December 31, 2005, a written notice of the exercise thereof by Lessee, but Lessee shall in no event be entitled to renew the term hereof, even though such notice be timely given, unless Lessee shall have timely performed all of his obligations hereunder and shall not be in default in the performance of any of his obligations under this Lease on the date of the expiration of the initial term.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first hereinabove written.

Charles Damele
CHARLES DAMELE

Juanita Damele
JUANITA DAMELE

-Lessors-

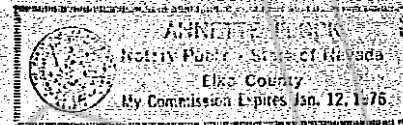
Stephen Damele
STEPHEN DAMELE

-Lessee-

STATE OF NEVADA)
) SS.
COUNTY OF)

On the 19th day of December, 1975, personally appeared before me, a Notary Public, CHARLES DAMELE and JUANITA DAMELE, his wife of Eureka, Nevada, who acknowledged to me that they executed the above instrument.

Annette Flock
NOTARY PUBLIC



STATE OF NEVADA)
) SS.
COUNTY OF)

On the 19th day of December, 1975, personally appeared before me, a Notary Public, STEPHEN DAMELE, who acknowledged to me that he executed the above instrument.

Annette Flock
NOTARY PUBLIC

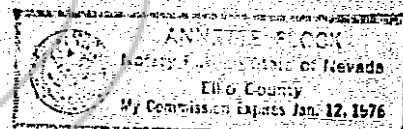


EXHIBIT "A"

T 28 N, R 50 E, M.D.B. &M.

Section 24: SE $\frac{1}{4}$ SW $\frac{1}{4}$
25: NW $\frac{1}{4}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ NW $\frac{1}{4}$

T 28 N, R 51 E, M.D.B. &M.

Section 3: All
15: All
18: NE $\frac{1}{4}$
21: N $\frac{1}{2}$ NW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$

T 29 N, R 51 E, M.D.B. &M.

Section 33: All

Excepting therefrom an undivided two-thirds interest in and to all minerals, oil or gas as reserved by LEO J. DAMELE and JOHN V. DAMELE by Deed recorded January 12, 1970, in Book 34 of Official Records at page 199, Eureka County, Nevada records.

RECORDED AT THE REQUEST OF First National Bank of Nevada (Elko)
on December 22, 1975, at 10 min. past 11 A.M. in
Book 53 of OFFICIAL RECORDS, page 260-266 RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
File No. 60720 Fee \$ 9.00

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ATTORNEYS AND COUNSELLORS AT LAW
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ELKO, NEVADA 89801

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