

NOTICE OF LEASE AND AGREEMENT

The undersigned do hereby give Notice of Lease and Agreement between T LAZY S RANCH, a partnership, Lessor and Optionor, and BLUE TAG FARMS, INC., a Nevada Corporation, Lessee and Optionee.

PERIOD OF LEASE: November 1, 1976 through October 31, 1991, with options to lease additional property of Lessor and Optionor.

PROPERTY SUBJECT HEREOF: Real property situate in Eureka County, Nevada, described as follows:

1. Subject of lease: The Southwest One-Quarter (SW $\frac{1}{4}$) of Section 1; the South One-Half (S $\frac{1}{2}$) of Section 2; all of Section 11; the West One-Half (W $\frac{1}{2}$) of Section 12; the Northwest One-Quarter (NW $\frac{1}{4}$) of Section 13; all of Section 14; and the West One-Half (W $\frac{1}{2}$) and the Northeast One-Quarter (NE $\frac{1}{4}$) of Section 23, all in Township 33 North, Range 49 East, M D B & M
2. Subject of option to lease: The East One-Half (E $\frac{1}{2}$) of Section 10; the East One-Half (E $\frac{1}{2}$) of Section 15; and the Northeast One-Quarter (NE $\frac{1}{4}$) of Section 22, all in Township 33 North, Range 49 East, M D B & M.

PROVISIONS CONCERNING LIENS AND ENCUMBRANCES: Lessee may encumber Lessee's leasehold interest in the leased lands for the purpose of installing and constructing improvements on the leased lands, provided however, that notice to Lessor of such lien and encumbrance instrument must be shown by Lessor executing an acknowledgment of receipt of such instruments. Furthermore, such lien and encumbrance instruments shall clearly state that under no circumstances shall a lien be created against the real property of Lessor or the owner thereof. The indebtedness secured by such liens shall have a term of no greater

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than ten (10) years from the date of commencement of the lease period or as to Parcel B from the date of any options exercised hereunder, providing for amortization on a straight line basis. Any lien existing after ten (10) years from the date of commencement of the lease period shall be subject to the default provisions of this agreement. Lessee shall indemnify and hold Lessor harmless from any liens or encumbrances created hereunder. Other than the foregoing, Lessee shall not have the right, privilege or power to in any way create any lien or encumbrance upon the interest of Lessor in the leased lands or the owner thereof.

OTHER INFORMATION: Other information regarding this Lease and Agreement may be obtained from the parties.

DATED: MARCH 15, 1976.

LESSOR AND OPTIONOR:

T LAZY S RANCH, a partnership

LESSEE AND OPTIONEE:

BLUE TAG FARMS, INC.,
a Nevada Corporation

BY

C. B. Thornton, Jr.
C. B. THORNTON, JR.

BY

Robert M. Rebholz
President ROBERT M. REBHOLTZ

OWNERS:

FIRST AMERICAN TITLE COMPANY OF NEVADA,
a Nevada Corporation

BY

Robert M. Bowen
Robert M. Bowen - President

BY

Charles B. Thornton
CHARLES B. THORNTON

MACK CREEK #1

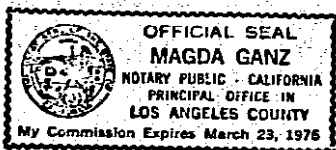
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STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS.

On March 17, 1976, personally appeared before me, a Notary Public, C. B. THORNTON, JR., who acknowledged that he executed the above instrument on behalf of T LAZY S RANCH, a partnership.



Magda Ganz
NOTARY PUBLIC

STATE OF IDAHO)
COUNTY OF POWER) SS.

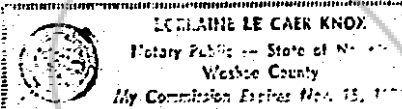
On March 15, 1976, personally appeared before me, a Notary Public, Robert N. Rebholtz, President, who acknowledged that he executed the above instrument on behalf of BLUE TAG FARMS, INC., a Nevada Corporation.

Robert N. Rebholtz
NOTARY PUBLIC



STATE OF NEVADA)
COUNTY OF Washoe) SS.

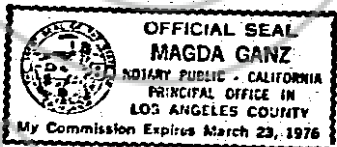
On March 18, 1976 personally appeared before me, a Notary Public, Robert M. Bowen, who acknowledged that he executed the above instrument on behalf of FIRST AMERICAN TITLE COMPANY OF NEVADA, a Nevada Corporation.



Lorraine Le Caer Knox
NOTARY PUBLIC

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS.

On March 17, 1976, personally appeared before me, a Notary Public, CHARLES B. THORNTON, who acknowledged that he executed the above instrument.



Magda Ganz
NOTARY PUBLIC
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RECORDED AT THE REQUEST OF C. B. Thornton Jr.
on March 18, 1976 of 05 mins. 3 P.M. in
Book 54 of OFFICIAL RECORDS, page 142-144 RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DAPAOLI Recorder
File No. 60995 Fee \$ 5.00

WACK CREEK #1