

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, 1980, 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 East One-Half (E 1/2) of the Northeast One-Quarter (NE 1/4) of Section 6; plus the West One-Half (W 1/2) of the Northwest One-Quarter (NW 1/4) of Section 5, in Township 34 North, Range 49 East, M D B & M.
2. Subject of option to lease: The East One-Half (E 1/2) of the Northwest One-Quarter (NW 1/4) and the West One-Half (W 1/2) of the Northeast One-Quarter (NE 1/4) of Section 5 in Township 34 North, Range 49 East, M D B & M, in the County of Eureka, Nevada, and shall be known as Parcel B.

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

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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 than four (4) 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 four (4) 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:

LESSEE AND OPTIONEE:

T LAZY S RANCH, a partnership

BLUE TAG FARMS, INC.
a Nevada corporation

By

C. B. Thornton, Jr.

By

ROBERT N. RESHOLTZ

OWNER:

BY

Charles B. Thornton
CHARLES B. THORNTON

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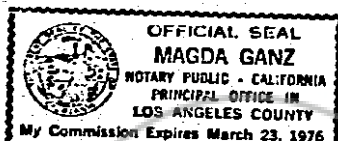
STATE OF Idaho)
COUNTY OF Blaine) SS.

On March 15, 1976, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT N. REBHOLTZ, known to me to be the President, of the BLUE TAG FARMS, INC., a Nevada corporation, that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

James P. Porter
NOTARY PUBLIC

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 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

RECORDED AT THE REQUEST OF Charles B. Thornton Jr.
on March 18, 19 76 at 09 min. past 3 P. M. in
Book 54 of OFFICIAL RECORDS, page 151-153, RECORDS OF
EUREKA COUNTY, NEVADA WILLIS A. DePAOLI Recorder
File No. 60999 Fee \$ 5.00

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