

LEASE AND OPTION

THIS AGREEMENT in and between SHADY MEADOWS INC, a Colorado Corporation, duly qualified to do business in the State of Nevada, LESSOR, and DON L. BERGENER and LINDA BERGENER, husband and wife of Eureka, Nevada, LESSEE.

W I T N E S S E S :

The LESSOR for and in consideration of the sum of TEN DOLLARS, (\$10.00), to them in hand paid by LESSEE'S, the receipt whereby is here acknowledged, do hereby covenant and agree with each other as follows, to-wit:

IT IS AGREED AND UNDERSTOOD that LESSOR will lease unto LESSEE the following discribed real property situated in Diamond Valley, Eureka County, Nevada, and more particularly discribed as follows, to-wit:

All land lying West of Highway, Nevada 51, situated in the N.W. 1/4 of Section 18, T.21 N., R.53E, MDB+M. Excepting the NW1/4 of the NW1/4, belonging to BLM. That the demised land consists of 68.5 acres, more or less.

The LESSOR will give a 30' Easement for dedication of a roadway on the said land: from Highway Nevada 51, West, parallelling the North side of the SW 1/4 of Section 18, T.21N., R.53E,, MDB & M.

The LESSEE will give a 30' Easement for dedication for a roadway on said land: From Highway Nevada 51 West, Paralleling the South side of the NW 1/4 of Section 18, T.21N., Range 53E, MDB & M. These roadways will be contingent to one another.

IT IS FURTHER AGREED AND UNDERSTOOD that the term of this agreement shall be for TWENTY (20) years, commencing with the execution date of this agreement and ending on the 7th day of September, 1999.

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1 That the consideration to be paid by LESSEE to LESSOR as an
2 annual lease payment, shall be as follows, to-wit: That the
3 annual lease payment shall be NINETEEN HUNDRED FIFTY TWO DOLLARS,
4 (\$1952.00), for each calendar year during the Twenty (20) year
5 term of this lease. It is agreed between the parties that the
6 yearly payment of NINETEEN HUNDRED FIFTY TWO DOLLARS (\$1952.00),
7 for the first five (5) years of this agreement, will be paid by
8 LESSEE'S through labor, material. Thereafter, each annual lease
9 payment will be made on or before the fifteenth day of September
10 of each year, during the term of this agreement.

11
12 IT IS AGREED AND UNDERSTOOD that the LESSEE plan on using
13 said land for a homesite and a concrete sand and gravel Batch
14 Plant.

15 The LESSEE warrants and guarentees to save LESSOR harmless
16 against any liability suits, claims, liens, damages of any kind
17 whatsoever, in living on said land or operating said concrete
18 sand and gravel Batch Plant.

19 The LESSEE agree with LESSOR as follows: that any mobile
20 home placed on site on said land will have a good baked on paint,
21 in good condition, the mobile home must be set so that a concrete
22 patio is not below 6" of the bottom of the door and will be placed
23 in a location so water will drain away from the mobile home, and
24 that the patio columms and landscaping will be in an neat and
25 orderly condition.

26 That any and all storage sheds, shops or other buildings must
27 be of commercial grade, painted and kept in an neat and orderly
28 manner and fashion.

29 IT IS FURTHER AGREED AND UNDERSTOOD that no junk, cars not in
30 operating condition, unlicensed cars and trucks, motors, washers,

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1 dryers, or other equipment and/or appliances, will not be left on
2 the site, unless in a shed out of view.

3 IT IS AGREED AND UNDERSTOOD that any sagebrush or vegetation
4 that is torn up or disturbed, will be replanted with crested
5 wheat, or used for garden and lawn, etc., and that on grounds
6 for roadways, that all weeds shall be clipped or sprayed, so as
7 to be kept under control.

8 It is AGREED that all earth and material shall be taken first
9 from the North West side of the property, and that the dirt mat-
10 erial taken off of the top of the gravel and not used, shall be
11 returned back into the excavation and leveled off, so as not to
12 leave hills or mounds.

13 It is AGREED that after areas of 1/2 acre or more have been
14 used and leveled, that crested wheat shall be planted, so as to
15 create a pleasant surrounding.

16 And it is FURTHER AGREED that any unused gravel equipment
17 used for spare parts, shall be parked in the pits, so they will
18 not be seen from the roadways. The purpose of these provisions
19 are to have the land and excavation as pleasant appearing as pos-
20 sible and not to become an eyesore.

21 IT IS AGREED AND UNDERSTOOD that no gravel nor material will
22 be taken from the South or East, 100' of the property line of
23 said demised land.

24 It is AGREED between LESSOR and LESSEE that any subleasing
25 of this land by LESSEE, shall be subject to all of the coven-
26 ants, conditions and provisions of this Lease, and LESSEE will
27 be held responsible for the same.

28 IT IS AGREED AND UNDERSTOOD that in the event LESSEE'S fail
29 to carry out any of the covenants, conditions and provisions of
30 this Lease Agreement, including the payment of the annual Lease
31 Rental, then and in that event, the LESSOR shall have the right

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1 to notify the LESSEE of the matter complained of, and the
2 LESSEE shall be required to correct the same within SIXTY (60)
3 days after notice, in writing, has been deposited in the Post
4 Office in Eureka, Nevada, and addressed to LESSEE'S at their Post
5 Office address in Eureka, Nevada, and

6 IT IS AGREED AND UNDERSTOOD that if said condition complained
7 of has not been corrected or is not in the process of being corre-
8 cted, then and in that event, the said LESSOR shall have the
9 right to declare LESSEE in default and that this agreement is
10 terminated and declared null and void.

11 It is AGREED by LESSEE that the LESSEE will carry liab-
12 ility insurance in an amount not less than FIVE HUNDRED THOUSAND
13 DOLLARS, (\$500,000.00), to protect both LESSOR and LESSEE, and
14 that the insurance company issuing said liability insurance pol-
15 icy, will provide LESSOR with copies with said liability policy
16 on each anniversary date during the term of this agreement.

17 O P T I O N
18

19 IT IS AGREED AND UNDERSTOOD that in the event LESSEE do
20 well and faithfully carry out all of the terms and conditions of
21 the above written agreement, then and in that event the said
22 LESSEE shall be granted an option to purchase the said land
23 strictly under the following terms and conditions.

24 It is AGREED between the parties hereto that after the
25 LESSEE has operated satisfactorily as a LESSEE for a period of
26 SEVEN (7) years from execution date of this Agreement, that the
27 said LESSEE'S shall have the right to purchase the said land for
28 the sum of TWENTY THOUSAND FIVE HUNDRED FIFTY DOLLARS, (\$20550.00)
29 and it is FURTHER AGREED that when LESSOR has been fully paid
30 the afore mentioned sum of TWENTY THOUSAND FIVE HUNDRED FIFTY
31 DOLLARS, (\$20550.00), that a good and sufficient bargain and sale

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1 deed will be given to LESSEE transferring title from LESSOR
2 to LESSEE.

3 That this Agreement shall be binding and inure to the benefit
4 of the administrators, executors, heirs, and assigns of the
5 parties hereto.

6 IT IS AGREED AND UNDERSTOOD that if said Option to buy is
7 not exercised by LESSEE on or before September 15th, 1999,
8 said Option to buy, is null and void and with no further force
9 and effect.

10
11 IN WITNESS WHEREOF the Parties have hereunto set their hands
12 the day and year first above written.

13
14 By Leonard Correntino
15 LESSOR, SHADY MEADOWS INC./ PRES.

16 Kimberly D. Correntino
17 SECRETARY

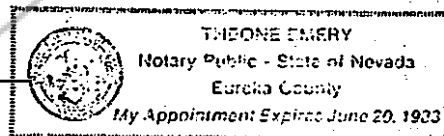
18 Don L. Bergener
19 LESSEE, DON L. BERGENER

20 Linda Bergener
21 LESSEE, LINDA BERGENER

22 STATE OF NEVADA)
23) ss.
24 County of Eureka.)

25 On Sept. 11, 1979 personally appeared before me, a
26 Notary Public, Leonard Correntino, Don L. Bergener and
27 Linda Bergener, who acknowledged they
28 executed the above instrument.

29 Theone Emery
30 Notary Public.



31
32 RECORDED AT THE REQUEST OF Leonard Correntino
on September 11, 1979, at 10 mins. past 3 P.M. in
Book 73 of OFFICIAL RECORDS, page 358-362, RECORDS OF
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
File No. 69740 Fee \$ 7.00

69740

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