

SECOND
DEED OF TRUST

THIS DEED OF TRUST, made this 23rd day of July, 1981, by and between GUY L. WEATHERLY and AMOLEE WEATHERLY, his wife, as Grantors, and FRONTIER TITLE COMPANY OF NEVADA, as Trustee, and F. DONALD SOKOL, a married man dealing with his sole and separate property, as Beneficiary,

W I T N E S S E T H:

That Grantor hereby grants, transfers and assigns to the Trustee in trust, with power of sale, all of the following described real property situate in the County of Eureka, State of Nevada, more particularly described as follows, to-wit:

PARCEL I:

Township 23 North, Range 52 East, M.D.B.&M.

An undivided one-half (1/2) interest in and to:

Section 36: SW $\frac{1}{4}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$

Township 24 North, Range 52 East, M.D.B.&M.

Section 12: E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 13: NE $\frac{1}{4}$; SW $\frac{1}{4}$; NW $\frac{1}{4}$ SE $\frac{1}{4}$; S $\frac{1}{2}$ SE $\frac{1}{4}$
Section 23: E $\frac{1}{2}$ E $\frac{1}{2}$; W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 24: All
Section 25: N $\frac{1}{2}$; N $\frac{1}{2}$ S $\frac{1}{2}$
Section 26: E $\frac{1}{2}$ NE $\frac{1}{4}$; W $\frac{1}{2}$ NE $\frac{1}{4}$; NW $\frac{1}{4}$ SE $\frac{1}{4}$; E $\frac{1}{2}$ SE $\frac{1}{4}$

Township 24 North, Range 53 East, M.D.B.&M.

Section 17: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 18: Lots 3 and 4, E $\frac{1}{2}$ SW $\frac{1}{2}$; W $\frac{1}{2}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 19: Lots 1, 2, 3, and 4; E $\frac{1}{2}$ W $\frac{1}{2}$; W $\frac{1}{2}$ E $\frac{1}{2}$
Section 29: NW $\frac{1}{4}$; W $\frac{1}{2}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ SW $\frac{1}{2}$; W $\frac{1}{2}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 30: Lots 1 and 2, E $\frac{1}{2}$ NW $\frac{1}{2}$; NE $\frac{1}{4}$; N $\frac{1}{2}$ SE $\frac{1}{4}$
Section 32: N $\frac{1}{2}$ NE $\frac{1}{4}$

Township 25 North, Range 53 East, M.D.B.&M.

Section 5: SE $\frac{1}{4}$ SE $\frac{1}{4}$

EXCEPTING THEREFROM an undivided one-half ($\frac{1}{2}$) interest in and to all coal, oil, gas and other minerals of every kind and nature whatsoever existing upon, beneath the surface of, or within said lands as reserved in Deed

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ELKO, NEVADA 89601

T.O. 11561-EU

from REINHOLD SADLER, et al., recorded February 6, 1976, in Book 53, Page 583, Official Records, Eureka County, Nevada.

PARCEL II:

Township 24 North, Range 52 East, M.D.B.&M.

Section 13: SE $\frac{1}{4}$ NW $\frac{1}{4}$
Section 25: S $\frac{1}{4}$ SW $\frac{1}{4}$

EXCEPTING THEREFROM all mineral deposits in the lands reserved by Land Patent executed by United States of America, dated December 22, 1978, recorded January 25, 1979 in Book 68, page 392, Official Records as File No. 67544 and Patent Number 27-79-0015, and to it, or persons authorized by it, the right to prospect, mine, and remove such deposits from the same under applicable law and such regulations as the Secretary of the Interior may prescribe.

Together with the following:

The tenements, hereditaments, easements and appurtenances thereunder belonging or in anywise appertaining, and the reversions, remainders, rents, issues and profits thereof.

All buildings, fixtures and improvements thereon.

All springs, wells, water and water rights on, appropriated to, decreed to, or appurtenant to such lands, or any portion thereof, including but not limited to, all dams, ditches, diversions, canals, pipelines, easements, well casings, well pumping equipment, troughs and all other means, methods, and systems of using water and water rights and applying them to beneficial use on such lands or any portion thereof, and including but not limited to, all stockwater and stockwater rights on the described lands and the public lands, including but not limited to the following certificates, proofs and applications pertinent to the lands appurtenant to such lands and the public lands, issued by the State of Nevada:

Certificate #964

Proof of Applications #03289 and #03290 being for the waters of Big Shipley Springs and Indian Camp Springs and artesian well.

Application #37931 - Flynn Flat Spring
Application #37932 - Quaking Spring
Application #37933 - Corta Well #1
Application #37934 - Cabin Spring
Application #37935 - Exploration Spring
Application #37936 - Skillman Spring
Application #37937 - Pump Spring

All easements, rights of way, permits, preferences and licenses appurtenant to or used in connection with said lands or any portion thereof.

All right, title, interest and estate of Grantor in and to all oil, gas, minerals, geothermal resources, geothermal energy, coal, shale, sand and gravel, in or under all lands conveyed, including all of Grantor's right, title, interest and estate in and to any and all existing oil, gas, and mineral leases on the lands herein conveyed.

All corrals, fences, stockwater troughs, tanks, and facilities of Grantor on the premises.

All of Grantor's interest in range and other improvements on public lands in the BLM Allotment with supporting permits and Cooperative Agreements.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, in trust, to secure the performance of the following obligations and payment of the following debts:

ONE: Payment of an indebtedness evidenced by a certain Promissory Note of even date herewith, in the principal amount of ONE MILLION THREE HUNDRED EIGHTY-NINE THOUSAND ONE HUNDRED FOUR DOLLARS AND 13/100THS (\$1,389,104.13), with the interest thereon, expenses, attorney fees and other payments therein provided, executed and delivered by the Grantor payable to the Beneficiary or order, and any and all extensions or renewals thereof.

TWO: Payment of such additional amounts as may be hereafter loaned by the Beneficiary to the Grantor or any successor in interest of the Grantor, with interest thereon, expenses and attorney fees, and any other indebtedness or obligations of the Grantor to the Beneficiary.

THREE: Payment of all other sums with interest thereon becoming due or payable under the provisions hereof to either Trustee or Beneficiary.

FOUR: Payment, performance and discharge of each and every obligation, covenant, promise and agreement of Grantor herein or in said Note contained and of all renewals, extensions, revisions and amendments of the above-described Note and any

other indebtedness or obligation secured hereby.

To protect the security of this Deed of Trust, it is agreed as follows:

1. The Beneficiary has the right to record notice that this Deed of Trust is security for additional amounts and obligations not specifically mentioned herein but which constitute indebtedness or obligations of the Grantor for which the Beneficiary may claim the Deed of Trust as security.

2. The Grantor shall:

A) properly care for and keep the property herein described and all buildings, fences, corrals, stock watering facilities, dams, ditches, diversions, wells, pumping equipment, and all other structures, improvements and fixtures now thereon or hereafter placed thereon in at least the condition, order and repair existing on the date of this Deed of Trust, subject to reasonable wear and tear and replacement, substitution or improvements as herein provided;

B) not remove or demolish all or any portion of any buildings, fences, corrals, watering troughs, windmills, other fixtures or improvements now situate thereon or hereafter placed thereon unless the same is replaced, improved or substituted therefor by a like item of at least equal value, quality and use;

C) not commit or permit any waste of the land, buildings, improvements and fixtures on said premises;

D) farm, maintain and irrigate the meadow and pasture areas of the premises for which water rights exist in at least the same husbandmanlike manner as was being applied thereto prior to the date of this Deed of Trust;

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4.

BOOK 96 PAGE 160

E) properly maintain, put to beneficial use and utilize all wells and water rights appurtenant to or used in connection with any portion of the premises as of the date of this Deed of Trust so as not to allow any water rights to be jeopardized, diminished or lost;

F) graze and manage the grazing areas of the lands subject to this Deed of Trust in the manner recognized as good range management in the grazing unit or area in which the lands subject hereto are located;

G) apply for active use and utilize or take nonuse of all rights, privileges, preferences, demands, licenses, permits and leases to graze livestock upon the Bureau of Land Management Grazing District N-1 and N-6 based upon or used in connection with all or any portion of the lands subject to this Deed of Trust and to do all other things reasonably necessary to prevent the loss of, or permanent reduction in such grazing rights, privileges, preferences, demands, licenses, permits and leases through the acts or omissions of Grantor.

H) not do nor permit to be done, by act or omission, anything which shall impair, lessen, diminish, devalue or deplete the security hereby given.

3. The following covenants, Nos. 1, 2 (\$110,500.00), 3, 4 (8 $\frac{1}{2}$), 5, 6 (which covenant is deemed to include and apply to all conditions covenants and agreements contained herein in addition to those adopted by reference, and to any and all defaults or deficiency in performance of this Deed of Trust), 7 (reasonable), and 8 and 9 of N.R.S. 107.030, are hereby adopted and made a part of this Deed of Trust.

4. All payments secured hereby shall be paid in lawful money of the United States of America.

5. The Beneficiary and any persons authorized by the Beneficiary shall have the right to enter upon and inspect the premises at all reasonable times.

6. In case of condemnation of the property subject hereto, or any part thereof, by paramount authority, all of any condemnation award to which the Grantor shall be entitled less costs and expenses of litigation is hereby assigned by the Grantor to the Beneficiary, who is hereby authorized to receive and receipt for the same and apply such proceeds as received toward the payment of the indebtedness hereby secured, whether due or not.

7. If default be made in the payment of the obligations, note or debt secured hereby or in the performance of any of the terms, conditions or covenants of this Deed of Trust, or the payment of any sum payable thereunder, or upon the occurrence of any act or event of default hereunder, and such default is not cured within 35 days after written notice of default and of election to sell said property given in the manner provided by N.R.S. 107.080 as in effect on the date of this Deed of Trust, Beneficiary may declare all notes, debts and sums secured hereby or payable hereunder immediately due and payable although the date of maturity has not arrived.

8. The commencement of any proceeding under the bankruptcy, insolvency laws or debtor relief by or against any of the Grantors, or against any of the Makers of the Note secured hereby; or the appointment of a receiver for any of the assets of any Grantor hereof or any Maker of the Note secured hereby; or the making by any of the Grantors or any Maker of the Note secured hereby of a general assignment for the benefit of creditors, shall constitute a default under this Deed of Trust.

9. Default under any other Deed of Trust, mortgage, contract, or other instrument, which is, or which creates, a lien, encumbrance, charge or interest of any nature on or in any of the property subject hereto having priority over any lien, right or interest created or existing under this Deed of Trust, or failure to pay or discharge when due any obligation which is secured by, or which constitutes a lien, encumbrance, charge or interest of any nature or in any property subject hereto having priority over any lien, right or interest created or existing under this Deed of Trust, whether such obligation or the lien thereof is created by writing or otherwise, shall constitute a default under this Deed of Trust.

10. The Note, debt and obligations secured by this Deed of Trust are secured, also, by a Security Agreement or other written security document given or executed by Grantor as Debtor in favor of Beneficiary. It is agreed that any default in the performance of any promise, covenant, term, or condition contained in said Security Agreement or other security document to be performed, kept, or maintained by Debtor therein, or the occurrence of any event of default of any kind under said Security Agreement, or other security documents, shall be deemed, at the option of Beneficiary to constitute a default under this Deed of Trust and Beneficiary shall have the same rights hereunder as though a default had occurred in the performance of a promise, covenant, term, or condition herein contained and specifically herein set out.

11. The Promissory Note secured by this Deed of Trust is made a part hereof as if fully herein set out.

12. To the extent permitted by the laws of the State of Nevada, Grantor agrees to pay any deficiency arising from any cause after application of the proceeds of any sale held in accordance with the provisions hereof and agrees to pay all costs and reasonable attorney's fees incurred in any action brought to collect said deficiency.

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7.
BOOK 96 PAGE 163

624 RV 2

13. Any notices to be given Grantor shall be given by registered or certified mail to Grantor at the address set forth near the signatures on this Deed of Trust or at such substitute address as Grantor may designate in writing duly delivered to Beneficiary to Trustee, and such address set forth in this Deed of Trust, or such substitute address as is designated in writing duly served as aforesaid, shall be deemed conclusively to be the correct address of Grantor for all purposes in connection with said Deed of Trust, including, but not limited to, giving of notices permitted or required by statute to be mailed to Grantor.

14. The rights and remedies herein granted shall not exclude any other rights or remedies granted by law, and all rights or remedies granted hereunder, or permitted by law, shall be concurrent and cumulative.

15. All the provisions of this instrument shall inure to the benefit of and bind the heirs, legal representatives, successors and assigns of each party hereto respectively as the context permits. All obligations of each Grantor hereunder shall be joint and several. The word "Grantor" and any reference thereto shall include the masculine, feminine and neuter genders and the singular and plural, as indicated by the context and number of parties hereto.

16. It is expressly agreed that the trusts created hereby are irrevocable by the Grantor.

17. The Grantor hereby covenants and agrees that neither the acceptance nor existence, now or hereafter, of other security for the indebtedness secured hereby, or the full or partial release or discharge hereof, shall operate as a waiver of the security of this Deed of Trust, nor shall this Deed of Trust nor its satisfaction nor reconveyance made hereunder operate as a waiver of any such other security now held or hereafter acquired.

18. At any time or from time to time, without liability therefor and without notice, on written request of the

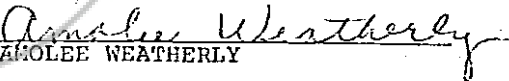
beneficiary and presentation of this Trust Deed and the Note secured thereby for endorsement and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey all or any part of such property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating such Trust Deed to subsequent liens, encumbrances or charges therein.

19. It is expressly understood and agreed that this Deed of Trust is second only and subordinate only to a Deed of Trust dated October 2, 1978, executed by F. DONALD SOKOL, Grantor to FRONTIER TITLE COMPANY OF NEVADA, as Trustee for ROBERT E. LOUDY and WILLIAM LOUDY, Beneficiary to secure the original principal amount of \$213,750.00, recorded September 29, 1978, in Book 66 of Official Records at page 206, in the Office of the County Recorder of Eureka County, Nevada. Any failure to faithfully perform the terms and conditions or default of the above-described Deed of Trust shall constitute a default of this Deed of Trust and Promissory Note secured by this Deed of Trust.

20. This Deed of Trust and the Promissory Note secured hereby, shall not be assumed by a third party without the prior written consent of the Beneficiary, which shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Grantor has executed these presents the day and year first above written.


GUY L. WEATHERLY


ANGILEE WEATHERLY

Grantor's Address:

Ruby Valley, Nevada 89833

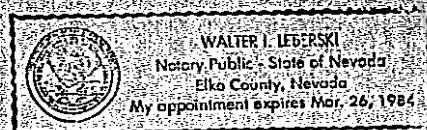
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BOOK 96⁹ PAGE 165

STATE OF NEVADA)
) SS.
COUNTY OF ELKO)

On July 23, 1981, personally appeared before me, a Notary Public, GUY L. WEATHERLY and AMOLEE WEATHERLY, his wife, who acknowledged that they executed the above instrument.

Walter J. Lederski
NOTARY PUBLIC



RECORDED AT REQUEST OF
FRONTIER TITLE COMPANY
BOOK 96 PAGE 157

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OFFICIAL RECORDS
ELKO COUNTY, NEVADA
WILLIS A. DEPAUL - RECORDER
FILE NO. 81072
FEE 4.13.00

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