

SUBORDINATION AGREEMENT

WHEREAS, coincidentally herewith, KEVIN R. KELLY and CAROL D. KELLY, his wife, and LEONARD GERSTEIN and OFFRA GERSTEIN, his wife, and JOAQUIN C. BALISTRERI and KATHERYN A. BALISTRERI, his wife ("BUYERS"), have created a Deed of Trust ("DEED OF TRUST"), naming FRONTIER TITLE COMPANY as Trustee, and JAMES E. ARNOLD and JOY F. ARNOLD, his wife ("SELLERS"), as Beneficiaries, which DEED OF TRUST encumbers real property situate in the County of Eureka, State of Nevada (hereinafter referred to as the "Property"), and more particularly described as follows:

PARCEL 1:

TOWNSHIP 21 NORTH, RANGE 54 EAST, MDB&M

Section 17: E $\frac{1}{2}$

EXCEPTING THEREFROM all oil and gas in and under said land as reserved in Patent from the United States of America, recorded October 23, 1963, in Book 27, Page 57, Deed Records, Eureka County, Nevada.

PARCEL 2:

TOWNSHIP 21 NORTH, RANGE 54 EAST, MDB&M

Section 17: W $\frac{1}{2}$

EXCEPTING THEREFROM all oil and gas in and under said land as reserved in Patent from the United States of America, recorded October 23, 1963, in Book 27, Page 56, Deed Records, Eureka County, Nevada.

TOGETHER WITH all improvements situate thereon.

TOGETHER WITH all waters, water rights, rights to the use of water, dams, ditches, canals, pipelines, reservoirs and all other means for the diversion or use of waters appurtenant to the said property or any part thereof, or used or enjoyed in connection therewith, and together with all stockwatering rights used or enjoyed in connection with the use of any of said lands.

TOGETHER WITH the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

WHEREAS, part of the consideration to the BUYERS for a purchase of the Property from the SELLERS by the BUYERS, was the agreement of the SELLERS to subordinate the DEED OF TRUST to a mortgage or mortgages created by the BUYERS upon certain conditions.

NOW THEREFORE, upon the terms and conditions hereafter stated, and in consideration of the sum of TEN DOLLARS (\$10.00), lawful money of the United States of America, to them in hand paid by BUYERS, and other good and valuable consideration, the SELLERS do for themselves and their heirs, personal representatives, successors and assigns hereby irrevocably covenant, consent and agree to, and do hereby, subordinate all of their right, title and interest in and to the Property to the lien of any one new DEED of TRUST or mortgage executed and created by BUYERS, and the lien of the new DEED of TRUST or mortgage shall be, and are, in all respects a lien prior to, and superior to, the lien of the DEED of TRUST:

1. Any such DEED of TRUST and mortgage must be recorded in the office of the Eureka County Recorder, and a copy thereof delivered to the SELLERS prior to October 1, 1985.
2. The obligation secured by such DEED of TRUST or mortgage shall not exceed an aggregate sum of \$30,000.00, or if it does, the DEED OF TRUST shall not be subordinate to any principal or interest amount that exceeds \$30,000.00.
3. Any default by the BUYERS under any of such prior DEED OF TRUST or mortgage, shall be a default by BUYERS upon the subordinated DEED OF TRUST, and the SELLERS shall have the option, but not obligation, to cure such default and the cure amount shall be immediately due and payable by BUYERS to SELLERS, together with interest thereon at the legal rate.

4. The SELLERS are notified in writing of the terms of such loan when it is obtained.

5. All of the proceeds of the loan are used upon the Property only for drilling new irrigation wells or replacement or repair of current irrigation wells, bowls, motors or panels.

6. No judicial or non-judicial foreclosure of such prior DEED OF TRUST or mortgage shall be effective as against the SELLERS and the DEED OF TRUST unless all notices, including notice of default and sale thereof are given to the SELLERS as though they were a grantor or mortgagor of such foreclosed DEED OF TRUST or mortgage.

7. This subordination shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

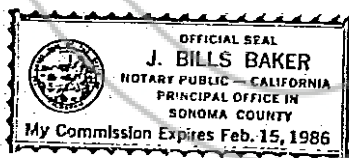
DATED this 10th day of SEPTEMBER, 1982.



JAMES E. ARNOLD


JOY F. ARNOLD

CALIFORNIA
STATE OF NEVADA,)
SONOMA) SS.
COUNTY OF ELKO.)

On this 10th day of SEPTEMBER, 1982, personally appeared before me, a Notary Public, JAMES E. ARNOLD and JOY F. ARNOLD, his wife, who acknowledged that they executed the foregoing instrument.




Notary Public

RECORDED AT REQUEST OF
Wilson, Wilson & Barrows, Ltd.
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OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
WILLIS A. DEPAULI - RECORDER
FILE NO. 85499
FEE \$ 6.00

WILSON, WILSON AND BARROWS, LTD.
ATTORNEYS AT LAW
P. O. BOX 389
ELKO, NEVADA 89801

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