

SECURITY AGREEMENTDebtor

NL Industries, Inc.  
NL Baroid Division  
Post Office Box 1675  
Houston, Texas 77251

Secured Party

Tom Norris, Inc.  
790 Weaver  
Battle Mountain, Nevada 89820

FOR GOOD AND ADEQUATE CONSIDERATION, the receipt of which is hereby acknowledged, Debtor acknowledges that Secured Party has mined, hauled, and stockpiled at Debtor's Dunphy, Nevada grinding plant 367,644 tons of high grade barite ore pursuant to that certain Mining and Hauling Contract between Debtor and Secured Party ("the Contract") which Contract was accepted by Secured Party on February 5, 1986, as said Contract may be amended by the parties. Debtor hereby grants to Secured Party a security interest in such stockpiled ore (the "Collateral"). Debtor reserves the right to process, sell and dispose of the Collateral in the ordinary course of business provided that Secured Party is paid for any such ore so utilized by Debtor in accordance with that certain agreement dated October 30<sup>th</sup>, 1986.

The stockpiled ore above referenced is located in Eureka County, Nevada, more particularly described in the attached Exhibit "A" Parcel #1.

Debtor warrants and covenants that it is the Owner of the foregoing Collateral and that the same is not subject to any security interest, lien or adverse claim.

This Financing Statement is to be filed for record also in the real estate records. Debtor agrees to execute all such instruments as Secured Party shall deem appropriate to evidence the security interests given herein.

BOOK 152 PAGE 075



WITNESS my hand official seal.

Terry J. Bury  
NOTARY PUBLIC

My Commission Expires:  
TERRY J. BURY  
Notary Public In and for State of Texas  
My Commission Expires: 7/2/80

Residing at: Houston, Harris  
County, Texas

STATE OF Nevada )  
 )  
 ) ss.  
COUNTY OF Lander )

On this 30<sup>th</sup> day of October, 1986, before me, the undersigned Notary Public in and for said County and State, personally appeared Thomas D. Morris known to me to be the President of the corporation that executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS my hand official seal.

Grace Fowrie  
NOTARY PUBLIC

My Commission Expires:  
Feb. 23, 1987

Residing at: State of Nevada  
County of Lander  
Battle Mountain



86 NOV 13 P 1: 22

## Parcel 1 (Eureka County)

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
MIN. REBALEATI, RECORDER  
FILE NO. **106216**  
Fee: 8.00

A tract of land within the SW $\frac{1}{4}$  of Section 23 and N $\frac{1}{4}$  of Section 26, Township 33 North, Range 48 East, MDN, Eureka County, Nevada, as depicted on that Record of Survey Map on file in the Office of Eureka County Recorder, File No. 66359, Official Records, and more particularly described as follows:

Beginning at a point on the northwesterly right-of-way line of former U.S. Highway 40, from which the SE corner of said Section 26 bears South 15°55'20" East, 3924.18 feet as Corner #1;

thence along said right-of-way line South 67°58'49" West, 33.54 feet to Corner #2, also being the most easterly corner of that parcel of land described in Eureka County Deeds, Book 23, page 176;

thence continuing along the boundary of said parcel North 78°59'00" West, 695.42 feet to Corner #3;

thence continuing along said parcel North 58°01'30" West, 223.70 feet to Corner #4;

thence continuing along said parcel North 65°39'30" West, 96.30 feet to Corner #5;

thence continuing along said parcel South 82°36'30" West, 234.60 feet to Corner #6;

thence continuing along said parcel North 78°59'00" West, 346.85 feet to Corner #7;

thence continuing along said parcel South 11°01'00" West, 102.20 feet to Corner #8, also being a point on the northerly 150 foot right-of-way line of the Western Pacific Railroad;

thence along said right-of-way line North 78°59'00" West, 1537.06 feet to Corner #9;

thence departing said right-of-way North 11°01'00" East, 1212.27 feet to Corner #10;

thence South 78°59'00" East, 1779.99 feet to Corner #11;

thence South 11°01'00" West, 372.64 feet to Corner #12;

thence South 78°59'00" East, 704.06 feet to Corner #13;

thence South 7°27'24" East, 595.73 feet to Corner #14;

thence South 56°57'24" East, 496.78 feet to Corner #1, the point of beginning.

TOGETHER WITH all improvements situate thereon.

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