

**175737**

**ASSIGNMENT OF AGREEMENT  
FOR ELECTRICAL SERVICE LINE EXTENSION  
AND GRANT OF LIEN TO ASSURE PERFORMANCE  
BY APPLICANT -- ASSUMPTION BY ASSIGNEE**

FOR VALUE RECEIVED, **GEORGE PENOLA** and **EDNA PENOLA**, husband and wife ("**PENOLA**"), Assignors, hereby assign, transfer, and set over to **THOMAS P. CONNOLLY** and **WONA L. CONNOLLY**, husband and wife ("**CONNOLLY**"), Assignees, all right, title and interest of **PENOLA** under that certain Agreement for Electrical Service Line Extension and Grant of a Lien to Assure Performance entered into on October 20, 1995, between **WELLS RURAL ELECTRIC COMPANY ("WREC")**, a Nevada corporation, and **DONALD McNAB** and **SANDRA J. McNAB**, husband and wife ("**McNAB**"), as assigned by an Assignment of Agreement for Electrical Service Line Extension and Performance Agreement dated August 1997, executed by **McNAB**, as Assignor, and **PENOLA**, as Assignee, and recorded in the Office of the County Recorder of Eureka County, State of Nevada, on August 11, 1997, in Bk 310, Official Records, at Page 334, for electrical service to the real property herein described situate in the County of Eureka, State of Nevada, being described in said Agreement attached hereto as Exhibit "A."


**CONNOLLY**, by execution hereof, assumes and agrees to the conditions of the Agreement for Electrical Service Line Extension and Grant of a Lien to Assure Performance, dated October 20, 1995, assigned to **PENOLA**, and the performance of all of the provisions thereof to be kept and performed by **PENOLA** thereunder and to hold harmless, indemnify and defend **PENOLA** against any and all losses, costs, damages, liabilities and expenses, including,

without limitation, reasonable attorneys' fees, incurred by **PENOLA** as a result of any claim arising under the Agreement and based on events occurring subsequent to the date of **CONNOLLY'S** purchase of the McClusky Creek and Horse Ranch. Accordingly, **CONNOLLY** hereby assigns and agrees to pay the unpaid principal balance of said obligation owing to **WREC**, from and after January 1, 2001, in the amount of EIGHTEEN THOUSAND FOUR HUNDRED SEVENTY TWO AND 20/100 DOLLARS (\$18,472.20), with payments to commence with the payment due February 1, 2001, and to make all payments at the times and in the manner therein provided.

DATED the 12<sup>th</sup> day of January, 2001

  
GEORGE PENOLA

  
EDNA PENOLA

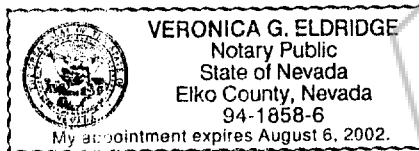
  
THOMAS P. CONNOLLY

  
VOLINA L. CONNOLLY

STATE OF NEVADA     )  
  )SS.  
COUNTY OF Elko     )

On January 2<sup>nd</sup>, 2001, personally appeared before me, a Notary Public,  
**GEORGE PENOLA** and **DNA PENOLA**, personally known to me or proven to me to be the  
persons whose names are subscribed to the above instrument who acknowledged that they  
executed said instrument.

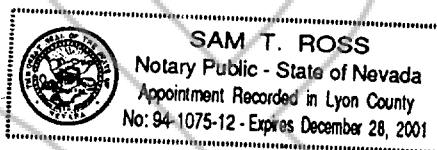
Veronica D. Eldridge  
NOTARY PUBLIC



STATE OF NEVADA     )  
  )SS.  
COUNTY OF Lyon     )

On January 1<sup>st</sup>, 2001, personally appeared before me, a Notary Public,  
**THOMAS P. CONNOLLY** and **VOLINA L. CONNOLLY**, personally known to me or proven  
to me to be the persons whose names are subscribed to the above instrument who acknowledged  
that they executed said instrument.

[Signature]  
NOTARY PUBLIC



When Recorded mail to  
Title Service and Brow Co.  
P.O. Box 833  
Yerington, NV 894.

WHEN RECORDED MAIL TO  
Vaughan & Huil, Ltd.  
530 Idaho Street  
Elko, NV 89801

EXHIBIT A

167599

ASSIGNMENT OF AGREEMENT  
FOR ELECTRICAL SERVICE LINE EXTENSION  
AND GRANT OF LIEN TO ASSURE PERFORMANCE  
BY APPLICANT - ASSUMPTION BY ASSIGNEE

3. VALUE RECEIVED, DONALD McNAB and SANDRA J. McNAB, his wife, Assignor, hereby signs, transfers, and sets over to GEORGE PENOLA and EDNA PENOLA, his wife, Assig, all right, title and interest of the undersigned as Applicant under that certain Agreement for Electrical Service Line Extension and Grant of a Lien to Assure Performance entered into on October 20, 1995, between WELLS RURAL ELECTRIC COMPANY, a Nevada corporation, assignor for electrical service to the real property herein described, situate in the County of Elko, State of Nevada, being described in said Agreement attached hereto as Exhibit "A."

Assignee, by acceptance hereof, assumes and agrees to pay the balance due pursuant to said Agreement and to perform all of the provisions thereof to be performed by Applicant/Assignor and to make payments and to perform all of the terms, conditions, and covenants of said Application, alterations, extensions, and modifications thereof, at the times and in the manner therein provided.

EXECUTED this 7<sup>th</sup> day of August, 1997.

ASSIGNOR:

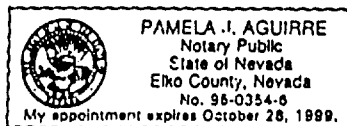
Donald McNab  
DONALD McNAB

Sandra J. McNab  
SANDRA J. McNAB

STATE OF NEVADA )  
COUNTY OF ELKO ) ss.

This instrument was acknowledged before me this 7<sup>th</sup> day of August, 1997, by DONALD McNAB and SANDRA J. McNAB.

NOTARY PUBLIC



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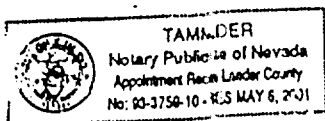
ASSIGNEE:

George Penola  
GEORGE PENOLA

Edna Penola  
EDNA PENOLA

STATE OF NEVADA    )  
                              ) ss.  
COUNTY OF LANDE    )

This instment was acknowledged before me this 7<sup>th</sup> day of August, 1997,  
by GEORGE PENOLA EDNA PENOLA.



Barni Elder  
NOTARY PUBLIC

## EXHIBIT "A"

WELLS RURAL ELECTRIC COMPANY  
450 Humboldt Avenue, P.O. box 365  
Wells, Nevada 89835

AGREEMENT FOR ELECTRICAL SERVICE LINE EXTENSION  
2. GRANT OF A LIEN TO ASSURE PERFORMANCE  
(PERMANENT SERVICE)

THIS AGREEMENT, made and entered into this 20 day of July, 1995, between WELLS RURAL ELECTRIC COMPANY, a Nevada corporation, hereinafter called "Utility," and DONALD MCNAB and SARA J. MCNAB, his wife, hereinafter called "Applicant."

The Utility and the Applicant hereby agree as follows:

1. Applicant applies to Utility for electric service to be supplied at the location herein described and for membership in the Utility, and agrees to be bound by the Utility's Articles of Incorporation, Bylaws and Rates, Rules and Regulations, as the same are now and hereafter adopted or amended.
2. In accordance with the Rates, Rules and Regulations of the Utility, including any amendments thereto, the Utility shall install and deliver to the Applicant and the Applicant shall purchase all of the electric power and energy which the Applicant may need at the location described herein, up to 65 kilowatts.
3. The application is for permanent service at the following location on the property owned or controlled by the Applicant, located in the County of Esmeralda, State of Nevada, to-wit: NE1/4 SE1/4, Section 14, Township 24 North, Range 18 East, M.D.B.&M., for the purpose of serving home and farmstead facilities. The service shall be single phase, wire, sixty hertz, and at 120/240 volts.
4. In order to provide such service, it will be necessary for the Utility to extend its lines and provide other facilities at a total construction cost estimated at \$25,100.00.
5. Service shall be contingent upon the Utility obtaining the necessary easements and rights-of-way for said extension, and Applicant's compliance with the terms and conditions of this agreement.
6. The construction costs shall be the total of all necessary expenditures of primary and secondary distributions, rights-of-way and clearance, conductor, meters, service drops, transformers completely installed,



including a housing, supports, lightning arrestors, other necessary accessories, engineering, labor and overhead costs. Design and routing shall be at the option of the Utility.

7. The estimated cost of construction of the line extension and facilities, a portion of the cost of the line extension the Utility may bear, if any, and the cost of the line extension to be paid by the Applicant shall be determined by the Utility's engineering department, in accordance with Utility's Rules and Regulations, Rule No. 9, Paragraph 1.

8. The Applicant's portion of the cost of construction shall be the actual cost, now estimated at \$25,100.00. The Applicant agrees to pay the actual construction costs on a deferred basis under the following terms and conditions:

A. The deferred principal amount shall be the actual construction costs;

B. The payments shall be in equal monthly sums;

C. The term shall be fifteen (15) years;

D. The interest rate shall be five percent (5%) per annum

E. Based on the estimated costs, the monthly payments would be \$198.49;

F. Payment of the construction costs shall be secured by the real property of the Applicant.

9. The minimum bill shall be \$198.49 per month as estimated in Paragraph 8 and adjusted to be based on actual costs for fifteen (15) years following the date that service is available to the Applicant.

10. This agreement shall become effective on the date above written and shall remain in effect for fifteen (15) years following the date that service is available to the Applicant.

11. In the event the cost of such extension and facilities exceeds or less than the above estimated cost, the Utility and the Applicant agree to an appropriate adjustment in the construction costs payable by Applicant and the monthly payments payable under the same terms as herein set out.

12. The line extension provided for herein and all

facilities purtenant thereto shall be the property of the Utility and will be maintained at its expense. The Applicant shall never assail the Utility's title thereto.

13. Service pursuant to the terms of this agreement is conditioned upon:

A. the Utility receiving an Agreement with the University and Community College System of Nevada to serve its ranch in this area, including receiving all necessary governmental and administrative approvals; and

B. the Applicants' real property being free and clear of encumbrances, save and except any remaining balance of the existing encumbrance to Lander County Development Corporation.

14. The Applicant agrees to furnish the Utility, upon demand therefor, whether contemporaneously with or subsequent to the execution hereof, a perpetual right-of-way and easement for said power line extension over the lands owned or controlled by the Applicant. Duly authorized representatives of the Utility shall be permitted to enter the Applicant's premises at all reasonable times in order to carry out the provisions thereof.

15. The Applicant shall not sell electric power and energy purchased hereunder.

16. The Contract shall, at all times, be subject to such changes and modifications required by any regulatory agency of the Utility as said agency may from time to time direct in the exercise of its jurisdiction.

17. If the Applicant shall fail to make any payment required under the terms of this agreement when such payment is due, the Utility may discontinue service to the Applicant and such discontinuance of service shall not relieve the Applicant of any of its obligations under this agreement, and such discontinuance shall not be the Utility's sole remedy, but shall be in addition to other remedies in this agreement contained.

18. Unusual.

19. The Utility shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electrical power and energy shall fail or be interrupted, or become defective through act of God, governmental authority, action of the elements, public enemy, accident, strikes, labor trouble,



required maintenance work, inability to secure right-of-way, or any other cause beyond the reasonable control of Utility, the Utility shall not be liable therefor or for damages caused thereby.

20. This agreement shall not be effective unless approved in writing by the Administrator of the Rural Electrification Administration.

21. The initial billing period will start on the first day that service is available. All bills for service are due and payable within twenty (20) days from the date of the bill and shall be paid at any Wells Rural Electric Company office, or its headquarters located at 450 Humboldt, P.O. Box 365, Elko, Nevada 89835.

22. The applicant shall pay the Utility for service hereunder the rates and upon the terms and conditions set forth in Schedule Farm and Rural Residential attached to and made a part of this agreement, as the same may be from time to time, amended. Notwithstanding any provision of the Schedule A irrespective of Consumer's requirements for or use of electric power energy.

23. If a default be made in any installment payment of construction costs, minimum bill, payment for having service available for service pursuant to hereto, and such default not cured within thirty (30) days of the mailing of written notice, certified mail, return receipt requested, to the last address of consumer as set forth on the books of the Utility, then, without further notice of demand, the entire unpaid balance of the construction costs payable and to become payable during the full term of this agreement, and any accrued interest thereon, shall at the Utility's option become immediately due and payable.

24. In order to secure the payment of all sums due or to become due the Utility pursuant to this agreement, the Applicant hereby grants to the Utility a lien of the force and effect of a real mortgage upon that certain real property located in Eureka County, Nevada and described as follows:

PARCEL 1

Township North, Range 48 East, M.D.B. & M.  
Section: Lot 4; SW1/4 SE1/4; SW1/4 NW1/4 N1/2 SW1/4;  
SE1/4 SW4

PARCEL 2

Township 2 North, Range 48 East, M.D.B.&M.  
Section 13 W1/2 SW1/4; SE1/4 SW1/4  
Section 14 NE1/4 SE1/4  
Section 15 N1/2 NW1/4; SE1/4 NW1/4; SW1/4 NE1/4

Township 2 North, Range 48 East, M.D.B.&M.  
Section 24 SE1/4; E1/2 SW1/4

Township 2 North, Range 48 1/2 East, M.D.B.&M.  
Section 1 SE1/4 NW1/4; S1/2 NE1/4; SE1/4  
Section 2 N1/2 NE1/4

Township 2 North, Range 48 1/2 East, M.D.B.&M.  
Section 2 E1/2 SW1/4; SE1/4; Lots 3 and 4  
Section 3 N1/2 NE1/4

Township 2 North, Range 49 East, M.D.B.&M.  
Section 1 Lots 2, 3, 4; E1/2 SW1/4  
Section 1 NE1/4 NW1/4; Lot 1

Township 2 North, Range 49 East, M.D.B.&M.  
Section 6 Lots 6, 7, and 8  
Section 7 Lots 1, 2, 3 and 4  
Section 1 Lots 1, 2, 3 and 4  
Section 1 Lots 1, 2, 3 and 4

PARCEL 3

Township 2 North, Range 48 East, M.D.B.&M.  
Section 1 W1/2 NE1/4

PARCEL 4

Township 2 North, Range 48 East, M.D.B.&M.  
Section 1 S1/2 SW1/4 SE1/4  
Section 2 N1/2 NW1/4 NE1/4

Township 2 North, Range 48 East, M.D.B.&M.  
Section 1 SW1/4 NW1/4 SE1/4

Township 2 North, Range 49 East, M.D.B.&M.  
Section 1 Lot 1; N1/2 of Lot 6

TOGETHER with the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, in connection with any or all of the above parcels.

SUBJECT to all taxes and assessments, reservations, exceptions, easements, rights-of-way, limitations, covenants,

conditions, restrictions, charges and licenses affecting said property and the lien of that certain Deed of Trust or record which secures a promissory Note dated December 20, 1993, in the original principal sum of \$97,500.00 payable to the Lander County Development Corporation, a Nevada corporation.

In the event Utility elects to accelerate pursuant to Paragraph 23 and the Application does not cure said default as therein provided the Utility may further elect to foreclose by legal proceeding under the laws of the State of Nevada, relating to the foreclosure or real mortgages, as the same may be from time to time amended, which laws are incorporated herein by reference. Pursuant hereto, Applicant does hereby grant, bargain, sell and convey unto the utility all the real properties and rights described above, together with all of the improvements situate thereon, water, water rights, grazing privileges, rights-of-way, and easements thereunto belonging or in anywise now or hereafter appertaining, and all rents, issues and profits thereof, as well as all fixtures now or hereafter attached to or used in connection with the premises, which conveyance is for the purpose of establishing Utility's lien rights. At any time during the term hereof that Applicant is not in default, upon the request of the applicant, the Utility will acknowledge in writing the fact that default exists and will, if properly secured in the opinion of the Utility, accommodate Applicant as to the granting of other security on the property upon which the lien is hereby granted and the priority of the respective liens.

25. The applicant agrees to pay all costs, charges and expenses including reasonable attorney fees, incurred by the Utility, incident to the collection of any sums payable to the State hereunder, or any portion thereof, in the event of any default or deficiency by the Consumer in carrying out the terms of this agreement.

26. This agreement shall be binding upon and inure to the benefit the parties hereto, their successors and assigns.

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