

CERTIFICATE OF  
AGREEMENT AMENDING AGREEMENT OF LIMITED PARTNERSHIP  
(PENoyer FARMS, LTD.)

This Agreement, amending the Agreement of the Limited Partnership of Penoyer Farms, Ltd., a Nevada Limited Partnership, is entered into this 25 day of May, 1979, by and between Penoyer Farms, Ltd., a Nevada Limited Partnership, the General Partners and Limited Partners as presently constituted and two new General Partners, one of which, Castleton's Development Corporation, a Utah corporation, is being added as a General Partner by this amendment, and the other, Revest Inc., a Utah corporation, which is being substituted as a General Partner in place of V. Melvin Brown by this amendment, and is consented to and executed by the present General Partners, the new General Partners and persons owning a majority of the Limited Partnership units as required by Sections 10 and 15 of the Limited Partnership agreement and NRS 88.260.

The agreement of Limited Partnership of Penoyer Farms, Ltd., dated June 23, 1978, is hereby amended as follows:

1. Castleton's Development Corporation is hereby added as a General Partner. It shall own one General Partnership unit for which it has paid the Partnership \$10,000.00 in cash at the time of execution of this amendment.

2. Revest, Inc., is hereby substituted as a General Partner in place of V. Melvin Brown, who, effective at the execution of this agreement, will no longer be a General Partner. The General Partnership unit of the said V. Melvin Brown is hereby transferred to Revest, Inc., for which it has paid to the said

V. Melvin Brown the sum of \$10,000.00, in cash, receipt of which is acknowledged by V. Melvin Brown.

3. It is agreed that a majority vote of the General Partners shall be sufficient to carry any action, approval or decision of the Partnership or General Partners. To implement this amendment the specific sections of the Agreement of Limited Partnership listed below are changed as follows:

Section 7.2, second sentence: Delete first phrase, "except as otherwise provided herein," so that the sentence reads, "Whenever provision is made herein for the approval of action of the General Partners, such provision refers to the approval or action of General Partners owning a majority of the General Partnership units."

Section 7.9, first sentence: Delete the word, "all," in the last phrase so that said last phrase reads, "unless otherwise agreed upon by the General Partners."

Section 8.2: Delete the word, "all," in the third line and substitute the words, "a majority of," so that the phrase reads, "as a majority of the General Partners shall agree," instead of, "as all the General Partners shall agree."

Section 10.1, first sentence: Delete the word, "all," and substitute the words, "a majority of," so that the sentence begins, "Without the prior written approval of a majority of the General Partners," instead of, "Without the prior written approval of all the General Partners."

A copy of said Agreement of Limited Partnership and certificate of Limited Partnership of Penoyer Farms, Ltd., is attached hereto for reference. Any other provisions of the Agreement of Limited Partnership inconsistent with the amendment of this paragraph, if any, are also hereby amended to provide that a majority of the General Partners is sufficient to pass on

such matters.

4. Revest Inc., and Castleton's Development Corporation, the new General Partners substituted or added by this amendment, hereby expressly agree to each and every provision of the Agreement of Limited Partnership of June 23, 1978, including the amendments stated herein. Further it is agreed that each and every provision of said Agreement of Limited Partnership applies to the new General Partners, Revest Inc., and Castleton's Development Corporation, notwithstanding they are not specifically named therein; as for example, the power of attorney provisions of Section 14 apply to all General Partners even though not specifically named in said section.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

PENOYER FARMS, LTD., GENERAL PARTNERS

By: V. Melvin Brown  
V. MELVIN BROWN (No longer a General Partner effective immediately after execution of this agreement.)

By: David R. Yeaman  
REVEST INC., by DAVID R. YEAMAN, President

By: Richard L. Castleton  
RICHARD L. CASTLETON

By: David B. Castleton  
CASTLETON'S DEVELOPMENT CORPORATION by DAVID B. CASTLETON, Secretary

LIMITED PARTNERS

V. Melvin Brown 14 units Castleton Development  
Richard L. Castleton 14 units David B. Castleton 22 units  
Chas. Enterprise 14 units Chas. Enterprise 2.50

STATE OF Idaho )  
COUNTY OF Bonnie ) SS.

On the 25<sup>th</sup> day of May, A.D. one thousand  
nine hundred and seventy-nine personally appeared before me V.  
MELVIN BROWN, the signer of the foregoing instrument, who duly  
acknowledged to me that he executed the same.

Edna Pond  
NOTARY PUBLIC  
Residing in

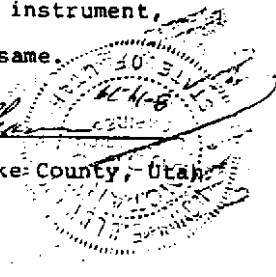


My Commission Expires:  
7-1980

STATE OF UTAH )  
COUNTY OF SALT LAKE ) SS.

On the 25 day of May, A.D. one thousand  
nine hundred and seventy-nine personally appeared before me  
RICHARD L. CASTLETON, the signer of the foregoing instrument,  
who duly acknowledged to me that he executed the same.

John L. Olthoff  
NOTARY PUBLIC  
Residing in Salt Lake County, Utah



My Commission Expires:  
Aug 14, 1979

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE)

On the 25<sup>th</sup> day of May, A.D. one thousand  
nine hundred and seventy-nine personally appeared before me  
DAVID R. YEAMAN, who being by me duly sworn did say, for  
himself, that he is the president of REVEST INC., and that the  
within and foregoing instrument was signed in behalf of said  
corporation by authority of a resolution of its board of  
directors and said president duly acknowledged to me that said  
corporation executed the same and that the seal affixed is the  
seal of said corporation.

David R. Yeaman  
NOTARY PUBLIC  
Residing in Salt Lake County, Utah

NOTARY PUBLIC  
My Commission Expires:  
May 14, 1979  
STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE)

On the 25 day of May, A.D. one thousand  
nine hundred and seventy-nine personally appeared before me  
DAVID B. CASTLETON, who being by me duly sworn did say, for  
himself, that he is the secretary of CASTLETON'S DEVELOPMENT  
CORPORATION, and that the within and foregoing instrument was  
signed in behalf of said corporation by authority of a reso-  
lution of its board of directors and said secretary duly  
acknowledged to me that said corporation executed the same and  
that the seal affixed is the seal of said corporation.

John E. Castleton  
NOTARY PUBLIC  
Residing in Salt Lake County, Utah

My Commission Expires:  
May 14, 1979

AGREEMENT OF LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP is entered into as of this 23 day of June, 1978, among V. MELVIN BROWN, of Idaho Falls, Idaho, RICHARD L. CASTLETON, of Salt Lake City, Utah, and those other persons who become parties to this agreement by executing a counterpart of the Subscription Agreement and Investment Representation page in the form of Exhibit "A" which is attached hereto and by this reference made part hereof. In consideration of the mutual promises contained herein the parties agree as follows:

SECTION I

THE LIMITED PARTNERSHIP

1.1 Formation. The parties hereby form a Limited Partnership, which is hereinafter sometimes referred to as "the Partnership."

1.2 Certificate of Limited Partnership. The parties acting directly or through an attorney-in-fact, shall promptly sign and swear to a Certificate of Limited Partnership, shall cause the Certificate to be recorded in the records of Lincoln County, Nevada, and shall execute such further documents (including amendments to the Certificate) and take such further action as shall be necessary to comply with the legal requirements for the formation and operation of a Limited Partnership in all other counties and states where the Partnership may elect to do business.

*[Handwritten Signature]*

1.3 Name. The name of the partnership shall be:

PENOYER FARMS, LTD.

1.4 Character of Business. The business of the Partnership shall be to acquire, hold, lease, farm, operate and manage, the real and personal properties described in Exhibit "B" which is attached hereto and by this reference made part hereof, plus all other real and personal properties which the General Partners may decide that the Partnership should acquire, hold, lease, farm, or operate. The Partnership may sell or otherwise dispose of all or substantially all of its assets for such consideration as may be approved by the General Partners.

1.5 Principal Place of Business. The location of the principal place of business of the Partnership shall be Lincoln County, Nevada, or in such other place as may be selected from time to time by the General Partners.

## SECTION 2

### DEFINITIONS

2.1 Subscription Commitment. The "Subscription Commitment" of a Limited Partner is the amount of his investment in the Partnership as set forth in the Subscription Agreement and Investment Representation (in the form of Exhibit A) executed by him and accepted by the General Partners.

2.2 Net Operating Income or Loss. "Net Operating Income or Loss" shall mean the income or loss of the Partnership as determined for federal income tax purposes, but excluding any net capital income or loss.

2.3 Net Capital Income or Loss. "Net Capital

Income or Loss" shall mean all capital income or capital loss of the Partnership, as determined for federal income tax purposes, from the sale, exchange or other disposition (excluding leases) of any Partnership assets.

2.4 Profits and Losses. The "Profits and Losses" of the Partnership shall include Net Operating Income or Loss and Net Capital Income or Loss.

2.5 Persons. For all purposes of this agreement, the word "person", includes, but is not limited to, corporations, partnerships, and other entities, as well as individuals.

### SECTION 3

#### PARTNERS AND PARTNER CONTRIBUTIONS

3.1 Partners. V. Melvin Brown and Richard L. Castleton and those persons who have executed counterparts of the Subscription Agreement and Investment Representation page attached hereto as Exhibit "A" and who have made the capital contributions required therein, shall be Partners. There are two types of Partners, General Partners and Limited Partners. The term "Partner" refers to both General Partners and Limited Partners. Each Partner's interest in the Partnership shall be represented by Partnership units. A Partner's interest as a General Partner shall be represented by General Partnership units and a Partner's interest as a Limited Partner shall be represented by Limited Partnership units. V. Melvin Brown and Richard L. Castleton shall own both General Partnership units and Limited Partnership units. Unless otherwise agreed, all other Partners shall own only Limited Partnership units. Hereinafter the term "General Partner" refers to any



Partner who owns a General Partnership unit and the term "Limited Partner" refers to any Partner who owns no General Partnership units

3.2 General Partner Contributions. Each of V. Melvin Brown and Richard L. Castleton shall contribute One Hundred Fifty Thousand Dollars (\$150,000.00) in cash or properties to the Partnership upon execution of this agreement. For purposes of this agreement the interest of V. Melvin Brown in the properties (except cash) described on Exhibit "B" have a value of One Hundred Fifty Thousand (\$150,000.00) Dollars. Upon the making of his capital contribution of One Hundred Fifty Thousand Dollars (\$150,000.00) to the Partnership, each of V. Melvin Brown and Richard L. Castleton shall have One General Partnership unit and Fourteen (14) Limited Partnership units.

3.3 Limited Partners. Except as otherwise provided by the General Partners, each Limited Partner shall have one Limited Partnership unit for each Ten Thousand Dollars (\$10,000.00) contributed by such Limited Partner to the partnership. Capital contributions of the Limited Partners shall be expended by the General Partners in furtherance of the business of the Partnership. Although the General Partners may make distributions to the Partners during the existence of the Partnership in return of their capital contributions, no Partner shall have the right to withdraw from the Partnership or to demand a return of all or any part of his capital contributions before December 31, 1998. On or before December 31, 1998, the original contribution of each Partner shall be paid to each Partner; provided however, no General Partner shall be personally liable if the original capital contribution of a Partner is not repaid to such Partner because of the financial condition of the Partnership. No interest shall be paid on capital contributions.

reduced by one for each Ten Thousand Dollars (\$10,000.00) of the capital of the Partnership in excess of profits, which is returned to such Partner.

SECTION 4

COSTS AND EXPENSES

All costs and expenses of the Partnership shall be paid from the Partnership's funds, including but not limited to (a) the costs of forming and organizing the Partnership including legal, accounting, consulting and printing costs; (b) the costs of completing improvements on properties acquired, operated, leased, farmed, or held by the Partnership; (c) the costs of holding, operating, improving and managing properties owned, operated, farmed, leased, or purchased by the Partnership, including without limitation, interest charges, taxes, utility charges, insurance premiums, legal fees and accounting fees; (d) the expenses of selling Partnership units or otherwise disposing of properties owned, operated, farmed, leased, or purchased by the Partnership; and (e) every other cost and expense incurred in the Partnership's business whether like or unlike the foregoing.

SECTION 5

SHARING OF PROFITS, LOSSES AND DISTRIBUTIONS

5.1 Profits and Losses. At the end of each fiscal year of the Partnership, the profits of the Partnership shall be divided as well as allocated among the Partners (but not necessarily distributed) and the losses of the Partnership shall be borne as well as allocated among the Partners proportionately

on the basis of the percentages established by dividing the number of the Partnership units owned by each Partner by the total number of units, General and Limited, owned by all of the Partners on the last day of such fiscal year. The income or loss allocated to each Partner each fiscal year under this Paragraph 5.1 shall consist of a proportionate part of each item (ordinary income, long term capital gain, short term capital gain, etc.) making up the profit or losses of the Partnership allocated under this Paragraph 5.1 for such fiscal year.

Except as otherwise provided by law, the liability of any person or entity which is solely a Limited Partner for the losses of the Partnership shall never exceed the aggregate amount of that Limited Partner's contributions to the capital of the Partnership plus an amount equal to that Partner's share of the undistributed profits of the Partnership. The General Partners shall bear all Partnership losses for which the Limited Partners are not responsible except as otherwise provided herein.

5.2 Tax Allocation. Pursuant to Section 704 of the Internal Revenue Code and for purposes of any applicable state or local income tax law all income, gains, losses, deduction and credits of the Partnership shall be allocated among the Partners in the manner provided in Paragraph 5.1 above. Notwithstanding anything to the contrary, if for a fiscal year of the Partnership any item of investment tax credit on property operated or managed by the Partnership on the last day of said year is available to a Partner to the exclusion of the Partnership, such Partner's share of the Partnership's investment tax credit shall be reduced

so that such Partner's investment tax credit for such year is equal to the amount of investment tax credit to which such Partner would have been entitled as a Partner of the Partnership if such property had belonged to the Partnership on the last day of such year. Any reduction in any Partner's share of investment tax credit of the Partnership under the immediately preceding sentence shall be allocated to the other Partners proportionately on the basis of their Partnership units.

The Partnership presently owes Mel Brown Company, an Idaho Corporation, Two Hundred Seventeen Thousand Seven Hundred Sixty Dollars (\$217,760.00). Said indebtedness is evidenced by a promissory note in the form of Exhibit "c" which is attached hereto and by this reference made part hereof. Notwithstanding anything to the contrary, no profits of the Partnership shall be distributed to any Partner until the entirety of such indebtedness owing by the Partnership to Mel Brown Company, plus all interest thereon, shall have been paid in full.

SECTION 6

FUNDS AVAILABLE FOR DISTRIBUTIONS

Each year the General Partners may make distributions of funds available for distribution in the manner provided in Paragraph 5.1. For this purpose "funds available for distribution" shall be the amount of the gross cash receipts of the Partnership, less expenses and costs of the Partnership in such year and less such reasonable reserves as the General Partners determine should be maintained to pay contemplated Partnership expenditures.

SECTION 7  
MANAGEMENT

7.1 Limited Partners. Except as otherwise provided herein, Limited Partners shall take no part whatever in the control, management, direction or operation of the affairs of the Partnership and shall have no power to bind the Partnership. The General Partners may from time to time seek suggestions and expressions of opinion from the Limited Partners on major policy decisions, but the General Partners need not accept such advice, and at all times the sole control and management of the Partnership shall rest with the General Partners. If a Limited Partner interferes in the management of the Partnership's business or assumes a role in the management of the Partnership business, he may, by law, incur the same liability as the General Partners.

7.2 General Partners. In conducting the Partnership business, each General Partner shall have one vote for each General Partnership unit he owns. Except as otherwise provided herein, whenever provision is made herein for the approval or action of the General Partners, such provision refers to the approval or action of General Partners owning a majority of the General Partnership units. Subject to the provisions of Paragraph 7.3, the General Partners have the exclusive authority to make all decisions as to the operation, management, improvement, sale, lease or other disposition of the Partnership's properties and business; as to the borrowing of money and the granting of security interests in Partnership assets (including loans from Partners); as to the prepayment, refinancing, or exten-

sion of any mortgage affecting the Partnership's properties, as to the compromise or release of any claims or debts of the Partnership; and as to the employment of persons, firms and corporations for the operation and management of the Partnership's business. In order to implement their management powers, the General Partners are authorized to execute and deliver (a) all deeds, assignments, leases, subleases, engineering and planning contracts, construction and management contracts and maintenance contracts covering or affecting Partnership property interests; (b) all checks, drafts and other orders for the payment of Partnership funds; (c) all promissory notes, mortgages, deeds of trust, security agreements and other similar documents; and (d) all other instruments of any kind or character relating to the affairs of the Partnership whether like or unlike the foregoing. The General Partners shall cause the Partnership to carry property damage insurance with respect to the properties of the Partnership which are insurable in an amount at least equal to the reasonable value thereof and liability insurance with respect to the properties of the Partnership which are insurable with limits of at least One Hundred Thousand Dollars (\$100,000 per person and Three Hundred Thousand Dollars (\$300,000.00) per accident.

7.3 Restrictions on General Partner's Authority. Notwithstanding the provisions of Paragraphs 7.1 and 7.2, the General Partners may not, without the consent or ratification of the specific act by all the Partners, do any act prohibited by the Uniform Limited Partnership Act of Nevada. All of the Partners

hereby expressly consent to a sale, exchange or other disposition of all or any part of the assets of the Partnership by the General Partners even though such act may make it impossible thereafter to carry on the ordinary business of the Partnership and necessitate the termination and dissolution of the Partnership.

7.4 Nominee. Title to all Partnership properties shall be held in the Partnership's name, or in the name of any nominee (including any General Partner so acting) designated by the General Partners. The General Partners shall have power to enter into nominee agreements with any such person, and such agreements may contain provisions, indemnifying the nominee, except for his willful misconduct.

7.5 Time Devoted to Business. Each General Partner shall devote only such time to the business of the Partnership as he, in his discretion, deems appropriate.

7.6 Information Relating to Partnership. Upon request, the General Partners shall supply to any Partner any information requested regarding the Partnership or its activities, provided that obtaining the information is not unduly burdensome to the General Partners. During ordinary business hours any Partner or his authorized representative shall have access to all books, records and materials in the General Partner's offices regarding the Partnership and its activities.

7.7 Exculpation. The doing of any act or the failure to do any act, the effect of which may cause or result in loss or damage to the Partnership or the Partners, if done in good faith pursuant to advice of counsel employed

by the General Partners on behalf of the Partnership or if done in furtherance of the purposes of the Partnership, unless such act or the failure to do such act is determined to have been done through gross negligence or involved fraud or willful misconduct of a General Partner, shall not subject any General Partner to any liability to the other Partners. Without limitation, the General Partners shall not be liable to the Limited Partners for negligence, dishonesty, mistakes or bad faith on the part of any employee, agent or representative of the Partnership, except a General Partner shall be liable for his own gross negligence, fraud, or willful misconduct.

7.8 Independent Ventures. Any of the Partners, or any shareholder, officer, director, employee or other person holding a legal or beneficial interest in any entity which is a Partner, may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including but not limited to, the ownership, financing, leasing, operation, management, farming, syndication, brokerage, and development of real property, and neither the Partnership nor the Partners shall have any right by virtue of this agreement in and to such independent ventures or to the income or profits derived therefrom.

7.9 Loans to Partnership. If any Partner shall, in addition to his contribution to the capital of the Partnership, loan any monies to the Partnership, the amount of any such loan shall not be deemed an increase of his capital account or entitle him to any increase in his share of the distributions



of the Partnership, but the amount of any such advance shall be an obligation of the Partnership to such Partner and shall be repaid to him, with interest of eight percent (8%) per annum unless otherwise agreed upon by all the General Partners. Notwithstanding anything to the contrary, the General Partners shall not be personally obligated to repay such advances, which shall be payable and collectible only out of the assets of the Partnership.

7.10 Banking. The bank of the Partnership shall be such bank or banks as the General Partners shall from time to time agree upon and designate. All Partnership monies and all notes, bills, checks and other negotiable securities for the payment of money shall be paid into and deposited in said banks to the credit of the Partnership as soon as possible after receipt by the Partnership. All withdrawals from such bank account or accounts are to be made by the managing partner, or such partners or persons as the General Partners shall from time to time agree upon and designate, subject always to the restrictions provided in this agreement.

SECTION 8  
COMPENSATION

8.1 Reimbursement for Out-of-Pocket Expenses.

The Partnership shall reimburse the General Partners for all direct out-of-pocket expenses incurred by the General Partners in forming the Partnership and in managing the Partnership's operations and business.

8.2 Compensation of General Partners. The General Partners shall receive such compensation for the services which the General Partners perform for the Partnership as all the General Partners shall agree but in no event shall the total compensation received by all the General Partners in any fiscal year of the Partnership under this paragraph exceed five percent (5%) of the gross receipts of the Partnership in such year.

SECTION 9

ACCOUNTS

9.1 Books. The General Partners shall maintain complete and accurate books of account of the Partnership's finances. The Partnership's accounting period and fiscal year shall be the calendar year.

9.2 Partner's Accounts. Two accounts shall be maintained for each Partner, a "Drawing Account" and a "Capital Account". Each Partner's Drawing Account shall consist of his distributive share of the Partnership's net profits; less losses and less withdrawals from said account. The Capital Account of each Partner shall be the amount of his original capital contribution together with any additions to said Partner's Capital Account. Additions to the Capital Account of each Partner may be made by: (a) additional contributions by the Partner, and (b) transfers from the Partner's Drawing Account. In no event shall the Capital Account of any Partner be increased by any method without the written agreement of the General Partners. The Capital Accounts shall be maintained on a tax basis without regard to any adjustment under Section 754 of the Internal Revenue Code.

The Capital Account of each Partner may be decreased by: (a) distributions in reduction of his Capital Account, and  
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(b) his share of Partnership losses which are in excess of the balance of his Drawing Account. Any decreases in the Capital Account of any Partner must be approved by the General Partners.

9.3 Transfers During Year. In order to avoid an interim closing of the Partnership's books, the share of profits and losses under Section 5 of a Partner who transfers part or all of his units in the Partnership during a calendar year may be determined on the basis of his prorata share of the profits and losses for the year. The proration shall be made by the General Partners and may be based on the portion of the calendar year which has elapsed prior to the transfer or may be determined under any other reasonable method. The balance of the profits and losses allocated to the Partnership units transferred shall be allocated to the transferee of such interest.

9.4 Reports. The books of the Partnership shall be closed promptly after the end of each fiscal year. Promptly thereafter, the General Partners shall make a written report to each Partner, which shall include a statement of receipts, expenditures, profits, and losses for the year, a statement of each Partner's capital account and such additional statements with respect to the status of the Partnership property and the distribution of Partnership funds as are considered necessary by the General Partners to advise all Partners properly about their investment in the Partnership. Such report may consist in part of a copy of part or all of the Partnership's United States income tax return. Prior to April 1 of each year each Partner also shall be provided with an information letter with respect to his distributive shares of income, gains, deductions, losses and

credits for income tax reporting purposes for the previous fiscal year. Such financial statements, reports, and the information contained therein shall be deemed conclusive and binding upon such Partner unless such Partner objects to such financial statements, reports, and information in writing to one of the General Partners within ninety (90) days after the giving of such financial statements, reports and information to such Partner.

SECTION 10

TRANSFERS

10.1 General Partners. Without the prior written approval of all the General Partners, no General Partner shall substitute a General Partner in his stead. No additional General Partner shall be admitted to the Partnership without the written consent of all General Partners and no General Partnership unit shall be transferred without the written consent of all the General Partners.

10.2 Transfer of Limited Partnership Units. Subject to paragraph 18.2, a Partner or other person or entity may sell or transfer his Limited Partnership units to a General or Limited Partner on such terms and conditions and for such price as the selling or transferring Partner, person or entity deems appropriate. Subject to paragraph 18.2, a Partner or other owner or assignee of Limited Partnership units may not sell or transfer (including transfers by gift) all or any part of his Limited Partnership units to a person who the is not already a Partner of the Partnership, except on the following conditions:

- (a) The units shall first be offered in writing

to the Partnership at the price, if any, and on the terms on which it is proposed that such units be sold or transferred ("the price" and "the terms"), and the Partnership shall have a period of thirty (30) days to accept or reject the offer in whole or in part, at the price, if any, (prorated, if the offer is accepted in part) and on the terms.

(b) If the offer is rejected in whole or in part by the Partnership, the units shall next be offered in writing to the other Partners for a period of twenty (20) days next following expiration of the aforementioned thirty (30) day period. The offer to the Partners shall be prorated in accordance with the number of Partnership units of each Partner to the total number of all Partnership units of all Partners other than the Partner, person, or entity making the offer, on the terms and at prices (as to each offeree) determined by prorating the price. If not all the units of the Partner, person, or entity selling or transfer units are sold or transferred under the apportionment, each Partner desiring to purchase or reserve a portion of the remaining units shall be entitled to purchase or receive that portion of the remaining units as the number of his units, both General and Limited, bears to the number of Partnership units of all Partners desiring to purchase portions of the remaining units.

(c) If none or only a portion of the units of the Partner, person, or entity desiring to sell or transfer the same is purchased in accordance with paragraph (a) or (b) above, then the selling or transferring Partner, person, or entity may sell or transfer his units or the remainder thereof, as the case

may be, to a third person or third persons during the three (3) month period following the expiration of the twenty (20) day period referred to in Paragraph (b), but at a price not lower than the price (prorated if only a portion), and on terms no more favorable than the terms. After the expiration of the three (3) month period, no portion of the units shall be sold or transferred without first being reoffered to the Partnership and the remaining Partners in accordance with Paragraphs (a) and (b).

(d) Any sale or transfer or purported sale or transfer of any Limited Partnership units shall be null and void unless made strictly in accordance with the provisions of this Section 10. The transferee of any Limited Partnership unit in the Partnership shall be subject to all the terms, conditions, restrictions, and obligations of this agreement, including the provisions of this Section 10.

(e) Subject to Paragraph 18.2 and notwithstanding anything contained in Section 10 to the contrary, at any time an owner of Limited Partnership units who is an individual person may transfer by gift, sale or otherwise, all or part of one or more of his Limited Partnership units to his spouse, his children or his issue, or to a trust of which his spouse, his children or his issue are the only beneficiaries, without regard to the other provisions of this Paragraph 10.2. The provisions of this Paragraph 10.2 shall not apply to transfers by bequest or inheritance.

(f) Notwithstanding anything to the contrary, no transfer of any Partnership unit shall be effective until the transferee of said unit shall have executed a copy of this agreement as then

in force, shall have executed a copy of the appropriate Certificate of Limited Partnership, and shall have executed and delivered the Power of Attorney required by the General Partners.

10.3 Death or Incompetency of Limited Partner. If a Limited Partner shall die, be adjudicated insane, incompetent, or bankrupt, or be dissolved, merged or consolidated, the trustee, personal representative, administrator, executor, conservator, representative or other successor in interest of such Limited Partner shall have the same rights and obligations which such Limited Partner would have had if such Limited Partner had not died, been adjudicated insane, incompetent, or bankrupt or had not been dissolved, merged or consolidated, except that such Limited Partner's executor, administrator, trustee, conservator, representative or other successor in interest shall not become a substituted Limited Partner without the written consent of the General Partners.

10.4 Substitution of Assignee as Limited Partner. As condition to his admission as a substituted Limited Partner (a) any assignee, legatee, distributee, transferee or successor of a Limited Partner shall execute and deliver such instruments, in form and substance satisfactory to the General Partners as the General Partners shall deem necessary or desirable to cause him to become a substituted Limited Partner, including but not limited to, a copy of the Certificate of Limited Partnership and a copy of this agreement, and (b) such assignee, legatee, distributee, transferee or successor shall pay all reasonable

expenses in connection with his admission as a substituted Limited Partner, including but not limited to, the cost of preparation and filing of any desirable amendment of the Certificate of Limited Partnership.

10.5 Authority of General Partners. Upon the terms set forth in this Section 10, the General Partners are hereby expressly authorized (a) to admit substituted Limited Partners to the extent permitted by this Section 10, (b) to admit new General Partners (c) to file amended Limited Partnership Certificates with respect to the foregoing and (d) to use the power of attorney granted in Section 14 to accomplish such filing. Furthermore, the General Partners may issue and sell from the Partnership such additional Limited and General Partnership units for Ten Thousand Dollars (\$10,000.00) per unit, or such greater price as shall be determined by all the General Partners, to such persons the General Partners may deem appropriate. The purchasers of such newly issued Partnership units shall become Partners upon the written approval of all the General Partners and upon the signing and delivering of such instruments, as the General Partners shall deem necessary or advisable to cause such purchasers to become Partners, including but not limited to, a copy of the Certificate of Limited Partnership and a copy of this agreement.

SECTION 11

TERM

The Partnership shall commence when a Certificate of Limited Partnership shall have been filed in the appropriate



government office in Lincoln County, Nevada. It shall continue until the business of the Partnership terminates, unless sooner dissolved by the consent of the General Partners, or the retirement, death, withdrawal, incompetency, dissolution, or bankruptcy of one of the General Partners, any one of which shall cause an immediate dissolution of the Partnership.

SECTION 12

DISSOLUTION AND TERMINATION

12.1 Final Accounting. In case of the dissolution of the Partnership, a proper accounting shall be made as provided in Paragraph 9.4 from the date of the last previous accounting to the date of dissolution.

12.2 Liquidation. The Partnership shall be terminated and dissolved upon the vote of the General Partners or the death, retirement, withdrawal, adjudication of bankruptcy or insolvency, or incompetency, or the dissolution or other cessation to exist as a legal entity, of any General Partner. The Partnership shall not be terminated or dissolved upon the death, retirement, withdrawal, adjudication of bankruptcy, incompetency, or dissolution of any Limited Partner. Except as provided in Section 13 hereof, and subject to the terms thereof, upon the dissolution of the Partnership, the General Partners, or the remaining General Partner, or if there is no General Partner, a person selected by the vote of persons owning a majority of the Limited Partnership units, as the case may be, shall act as liquidator to wind up the Partnership. The liquidator shall have full power and

authority to sell, assign and encumber any or all of the Partnership's assets and to wind up and liquidate the affairs of the Partnership in an orderly and businesslike manner. All proceeds from liquidation shall be distributed in the following order of priority:

(a) To the payment of the debts and liabilities of the Partnership and the expenses of liquidation. For this purpose the liquidator shall set up such reserves as the liquidator may deem necessary for any contingent or unforeseen liabilities of the Partnership.

(b) To the Limited Partners with respect to their shares of any undrawn profits.

(c) To the Limited Partners with respect to their capital contributions.

(d) To the General Partners with respect to their shares of any undrawn profits.

(e) To the General Partners with respect to their capital contributions.

(f) Any remaining funds shall be distributed to all Partners proportionately on the basis of the percentages established by dividing the number of Partnership units owned by each Partner by the total number of units owned by all Partner

In the event the assets of the Partnership available for distribution are not sufficient to satisfy in full the rights of the Limited Partners as hereinabove set forth, the Limited Partners shall not have any further right or claim against the General Partners.

12.3 Distribution in Kind. If the liquidator shall

determine that a portion of the Partnership's assets should be distributed in kind to the Partners he shall obtain an independent appraisal of the fair market value of each such asset as of a date reasonably close to the date of liquidation. Any unrealized appreciation or depreciation with respect to the assets to be distributed in kind shall be allocated among the Partners (in accordance with the provisions of Section 5 regarding the allocation of profits and losses and assuming that the assets were sold for the appraised value). Distribution of any such assets in kind to a Partner shall be considered a distribution of an amount equal to the asset's market value for purposes of Paragraph 12.2.

12.4 Cancellation of Certificate. Upon the completion of the distribution of Partnership assets as provided in Paragraph 12.2 the Partnership shall be terminated, and the person acting as liquidator (or the Partners if necessary) shall cause the cancellation of the Certificate of Limited Partnership and shall take such other actions as may be necessary to terminate the Partnership.

12.5 Waiver of Right to Court Decree of Dissolution. Irreparable damage would be done to the good will and reputation of the Partnership if any Partner should bring an action in court to dissolve the Partnership. Care has been taken in this agreement to provide what the parties feel is fair and just payment in liquidation of the interest of all Partners. Accordingly, each party hereby waives and renounces his right to such a court decree of dissolution or to seek the appointment by any court of a liquidator for the Partnership. No Limited Partner shall have

the Partnership dissolved.

SECTION 13

CONTINUATION OF PARTNERSHIP BUSINESS

13.1 New Partnership. Upon the occurrence of the dissolution of the Partnership caused by any event, notwithstanding anything to the contrary, the remaining or surviving General Partners may, but need not, promptly form a new Limited Partnership (hereinafter called "New Partnership") to engage in the same business as this Partnership, employing the assets and name of this Partnership.

13.2 New Certificate of Partnership. In forming the New Partnership, the remaining or surviving General Partners, or any of them, to the extent possible shall:

- (a) Transfer and convey the assets of this Partnership to the New Partnership subject to liabilities.
- (b) Establish capital or beneficial interests in the New Partnership in favor of the General and Limited Partners.
- (c) Cause to be prepared and thereafter execute and acknowledge in the name of themselves and the then Limited Partner a Certificate of Limited Partnership containing provisions (including the term thereof) substantially the same as those appearing in the Certificate of Limited Partnership of this Partnership as the same may have been amended from time to time.
- (d) Designate one or more General Partners of the New Partnership.
- (e) Perform all such acts or cause all such things to be done as shall be necessary or advisable for the formation of

the New Partnership as a Limited Partnership under the laws of the State of Nevada.

13.3 Partnership Agreement. After the formation of the New Partnership, this agreement, as the same may have been amended from time to time, shall be deemed further amended to conform to the changes reflected in the Certificate of Limited Partnership filed for the new Partnership and as so amended shall govern the rights of the Partners in the New Partnership, or a New Partnership agreement shall be executed incorporating the substance hereof.

SECTION 14

POWERS OF ATTORNEY

14.1 Appointment of V. Melvin Brown and Richard L. Castleton. Each Limited Partner by the execution of this agreement or any Subscription Agreement and Investment Representation in the form of Exhibit "A" hereto does irrevocably constitute appoint V. Melvin Brown and Richard L. Castleton, or either one of them, with full power of substitution, as his true and lawful agent and attorney in fact, in his name, place and stead to execute, acknowledge, swear to and file:

(a) The Limited Partnership agreement as herein contained and the Certificate of Limited Partnership, as well as any amendments thereto;

(b) To prepare, execute and file all forms, reports, documents or other instruments which may be required or requested by any agency or commission of the Federal Government or any

State or local government in which the Partnership may sell its units, acquire properties or do business;

(c) Any documents which may be necessary or appropriate to effectuate the continuation of the Partnership or the creation of the New Partnership as provided above, the admission of an additional or substituted Limited Partner, or the dissolution and termination of the Partnership, provided such continuation, creation, admission or dissolution and termination are in accordance with the terms of this agreement;

(d) To make all elections contained in the Internal Revenue Code or state laws governing taxation of Partnerships as the General Partners deem advisable.

14.2 Other Documents. The Limited Partners may be required to execute such other documents and take such other action as the General Partners may reasonably require to comply with the applicable laws governing the formation and operation of the Partnership.

14.3 Irrevocable. The powers of attorney granted herein shall not be affected by the disability of any Limited Partner. The powers of attorney granted herein shall be deemed to be coupled with an interest and shall be irrevocable and survive the withdrawal, retirement, bankruptcy, insolvency, incompetency, dissolution of a Partner. In the event of any conflict between this agreement and any instruments filed by such attorney pursuant to the power of attorney granted in this section, this agreement shall control.

SECTION 15

AMENDMENT TO AGREEMENT

This agreement may be amended by a written agreement executed by the General Partners and persons owning a majority of the Limited Partnership units.

SECTION 16

AMENDMENT OF CERTIFICATE OF LIMITED PARTNERSHIP

The General Partners may amend the Certificate of Limited Partnership when any one of the following events occur:

- (a) There is a change in the name of the Partnership, or in the amount or character of the contribution of any Limited Partner;
- (b) A person is substituted as a Limited Partner;
- (c) Any additional Limited Partner is admitted;
- (d) A person is admitted as a General Partner;
- (e) A General Partner dies, retires, becomes insane, resigns, dissolves, terminates, or becomes bankrupt;
- (f) There is a change in the character of the business of the Partnership;
- (g) There is a false or erroneous statement in the Certificate;
- (h) There is a change in the time as stated in the Certificate for the dissolution of Partnership;
- (i) The Partners desire to make a change in any other statement in the Certificate in order that it shall more accurately represent the agreement among them.

SECTION 17

NOTICES

17.1 Method for Notices. The Partnership shall keep a record of each Partner's address. For all purposes of the agreement, notice shall be deemed to have been given to a Partner when a written copy of such notice is deposited in the United States mail, Return Receipt Requested, addressed to the address of such Partner as shown on the records of the Partnership. It is the responsibility of each Partner to see to it that the Partnership's record of his address is correct.

17.2 Computation of Time. In computing any period of time under this agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday.

SECTION 18

INVESTMENT REPRESENTATION

18.1 Speculative Representation. Each Limited Partner recognizes that investments such as those contemplated by the Partnership are speculative and involve substantial risk. Each Limited Partner further represents and warrants that the General Partners have not made any guaranty or representation upon which said Limited Partner has relied concerning the possibility or probability of profit or loss as a result of his acquisition of an interest in the Partnership.



18.2 Investment Restriction. Each Partner recognizes that the Partnership units have not been registered under the Securities Act of 1933 in reliance upon an exemption from such registration. Notwithstanding anything to the contrary, no Partner may sell, offer for sale, transfer, pledge or hypothecate all or any part of his Partnership units in the absence of an effective registration statement covering such interest under federal and state law unless such sale, offer of sale, transfer, pledge or hypothecation is exempt from registration under the Act. Neither the General Partners nor the Partnership have an obligation to register any Partner's units for sale, or to assist in establishing an exemption from registration for any proposed sale. Each Partner recognizes that the restrictions on transfers of his interest in the Partnership may severely affect the liquidity of his investment in the Partnership.

SECTION 19

GENERAL PROVISIONS

This agreement: (a) contains the entire agreement among the parties, (b) shall be construed in accordance with, and governed by the laws of the State of Nevada, (c) shall be binding upon and shall inure to the benefit of the parties and their respective personal representatives, assigns and successors in interest except as above set forth, and (d) may be executed in any number of counterparts each of which shall be considered an original. The captions to the paragraphs of this agreement

are solely for the convenience of the parties and in no way either define, limit or describe the scope of this agreement or the intent of any provisions thereof, and are not to be used as an aid in the interpretation or construction of this agreement. In the event that any provision of this agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this agreement. When the context in which words are used in this agreement indicate that such is the intent, words of the singular number shall include the plural and vice versa, and male designation shall include female.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

GENERAL PARTNERS

PENoyer FARMS, LTD.

By Melvin Brown  
V. Melvin Brown

By Richard L. Castleton  
Richard L. Castleton

(SIGNATURE PAGES OF LIMITED PARTNERS ARE ATTACHED)

STATE OF Idaho )  
 ) ss.  
COUNTY OF Blaine )

On this 22 day of June, 1978, before me,  
the undersigned, a Notary Public, in and for said state, personally  
appeared V. MELVIN BROWN, known to me to be the person whose name  
is subscribed to the within instrument, and acknowledged to me that  
he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed  
my official seal, the day and year in this certificate first above  
written.

(Seal)

Alfred C. Martin  
Notary Public for Idaho  
Residing at Blaine Falls  
My commission expires 12/31/80

STATE OF Idaho )  
 ) ss.  
COUNTY OF Blaine )

On this 23 day of June, 1978, before me,  
the undersigned, a Notary Public, in and for said state, personally  
appeared RICHARD L. CASTLETON, known to me to be the person whose  
name is subscribed to the within instrument, and acknowledged to  
me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and  
affixed my official seal, the day and year in this certificate  
first above written.

(Seal)

Alfred C. Martin  
Notary Public for Idaho  
Residing at Blaine Falls  
My commission expires 12/31/80

SUBSCRIPTION AGREEMENT AND INVESTMENT REPRESENTATION

PENOYER FARMS, LTD.

PLEASE READ THE INSTRUCTIONS CAREFULLY  
BEFORE COMPLETING THIS AGREEMENT

TO: Penoyer Farms, Ltd.

Gentlemen:

(1) As a Subscriber, I recognize that the purchase of Limited Partnership Units in Penoyer Farms, Ltd. is a long-term investment and involves a risk. I acknowledge that it is unlikely that there will ever be a public market for the units of Penoyer Farms, Ltd.; that there is no present public market for the units of Penoyer Farms, Ltd.; therefore, I may not be able to liquidate my investment in the event of an emergency. I recognize that transferability is limited further by the governi Agreement of Limited Partnership, and in the event of a disposition, I could sustain a loss. I hereby represent that I have adequate means for providing for my current needs and personal contingencies, and that I have no need of liquidity in this investment. I recognize that Penoyer Farms, Ltd. has no operating history. I acknowledge that I am a qualified "sophisticated investor", and that I qualify for the purchase of these Partnership units.

(2) As the undersigned Subscriber, I hereby subscribe

to units of Penoyer Farms, Ltd., in the amount of and for the consideration set forth beside my name below:

NAME	NUMBER OF UNITS	PURCHASE PRICE PER UNIT	TOTAL AMOUNT SUBSCRIBED
		\$10,000.00	

(3) As the undersigned Subscriber, I acknowledge that I have read this Subscription Agreement and the Agreement of Limited Partnership of Penoyer Farms, Ltd.

(4) I hereby represent to V. Melvin Brown, Richard L. Castleton and Penoyer Farms, Ltd., that I am a qualified "sophisticated investor", and that I meet the following requirements:

- a. I am at least 21 years of age;
- b. I have prior investment experience, including investment experience in real estate limited partnerships and in other non-listed securities, or I have consulted with my professional investment advisor concerning this investment;
- c. I recognize the speculative aspects of this investment;
- d. I have either:
  - (1) a net worth of not less than \$150,000.00 (excluding home, furniture and automobile) and an adjusted gross income of at least \$50,000.00 (as defined in Section 62 of the Internal Revenue Code), or
  - (2) a net worth of not less than \$300,000.00 (excluding home, furniture and automobiles).

(5) This letter will also advise you that in consideration for your acceptance of this Subscription, I hereby represent and warrant that the aforementioned units will be held by me

for investment and not with a view to resale, transfer or distribution of said units, and that I do not intend to dispose of all, or any part of such units unless and until I determine that some change in my personal circumstances by reason of some intervening event, not now in contemplation, has occurred which makes such disposition necessary. I hereby state that I am purchasing said units for my own account and not for the account of any other person or entity.

(6) I understand that the units being transferred to me have not been registered under the Federal Securities Act of 1933 (or any state "blue sky" or real estate syndication law) by reason of a special exemption under the provisions of the Securities Act of 1933 which depends upon my investment intention. In this connection, I understand that it is the position of the Securities and Exchange Commission (the "Commission") that the statutory basis for such exemption would not be present if my representations merely meant that any present intention was to hold such units for the capital gains holding period of tax statutes, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other predetermined period in the future.

(7) I realize that in the view of the Commission, a purchase now with an intent to resell would represent a purchase with an intent inconsistent with my representations to you, and the Commission might regard such a sale or disposition as a secondary sale to which the exemption is not available.

(8) As a Subscriber, I hereby tender herewith the

initial sum of \_\_\_\_\_  
Dollars (\$ \_\_\_\_\_), which payment is made by check or  
money order. The total amount tendered with this Agreement  
is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

(9) I understand and agree that this Subscription is made  
subject on each of the following terms and conditions:

That the General Partners shall have the right  
to accept or reject this Subscription Agreement and Investment  
Representation in whole or in part. Upon receipt of each Sub-  
scription Agreement and Investment Representation the General  
Partners shall have thirty (30) days in which to accept or reject  
it. If no action is taken by the General Partners within said  
thirty (30) day period, the Subscription shall be deemed to have  
been accepted. In each case where the Subscription is rejected,  
the General Partners shall send written notice of such rejection  
to the undersigned Subscriber within said thirty (30) day period,  
and shall return the entire amount submitted by the Subscriber,  
without interest.

(10) I hereby approve and agree to be bound by all terms  
of the Limited Partnership Agreement, and the Certificate of  
Limited Partnership of Penoyer Farms, Ltd., a copy of each of  
which is attached hereto.

(11) The undersigned Subscriber hereby indemnifies and  
holds harmless V. Melvin Brown, Richard L. Castleton, and Penoyer  
Farms, Ltd. from any loss caused or resulting from any mis-  
representation made hereby by Subscriber.

(12) I, the undersigned, also acknowledge that during

the course of this transaction and prior to my execution of this Subscription Agreement and Investment Representation, V. Melvin Brown or Richard L. Castleton have afforded me the opportunity to ask questions of, and receive answers from V. Melvin Brown or Richard L. Castleton, acting on behalf of Penoyer Farms, Ltd., concerning the terms and conditions of this investment and of the financial condition of Penoyer Farms, Ltd., as well as all information relating to the success or failure of the project, and to obtain any additional information concerning Penoyer Farms, Ltd. to the extent V. Melvin Brown or Richard L. Castleton possess such information or could acquire it without unreasonable effort or expense.

IN WITNESS WHEREOF, I hereby execute this Subscription Agreement and Investment Representation this \_\_\_\_\_ day of \_\_\_\_\_, 1978.

INDIVIDUAL OWNERSHIP (Signature) \_\_\_\_\_

Social Security Number \_\_\_\_\_

Address: \_\_\_\_\_

I hereby consent to all the terms of this Subscription Agreement and Investment Representation as well as the Limited Partnership Agreement of Penoyer Farms, Ltd.

\_\_\_\_\_  
Spouse of Subscriber



EXHIBIT B

PENOYER FARMS, LTD.

- One (1) 1974 Acme six row potato planter
- One (1) 1964 John Deere 4020 tractor
- One (1) 1975 Hesston potato windrower
- One (1) 1976 Hedder potato roller
- One (1) 1976 White 4180 four-wheel drive tractor
- One (1) 1976 twenty-five foot Tandem Krause Disk
- One (1) 1976 Belroe twenty-five roll press wheel grain drill
- One thousand (1,000) gallon tank and pump
- One (1) four row rotary potato cultivator
- One (1) 1966 Ford two ton truck
- One (1) 1970 Ford Tandem truck
- One (1) 1966 GMC Tandem truck
- One (1) 1975 Ford pick-up
- One (1) 1966 Hallway fifteen foot bulk bed
- One (1) 1970 Leonard's twenty foot bulk bed
- One (1) 1964 Hallway eighteen foot bulk bed
- One (1) 1966 Oliver tractor 1900
- One (1) 1972 Massey Ferguson 1200 and loader
- Two (2) Hallway twenty foot pilers
- One (1) 1974 five bottom Belroe plow
- One (1) 1969 Hobart portable welder
- One (1) 1969 forty foot pipe wagon
- One (1) 1975 Hallway potato harvester
- One (1) 1971 Better Built seed cutter
- One (1) 1944 John Deere tractor and loader
- One (1) 1976 Spadnick fifty foot piler
- One (1) 1967 six foot Jet-Flow grain auger and rubber
- An Option to buy one (1) 1974 John Deere grain combine
- An Option to buy one (1) fifty-two foot eight inch grain auger

All of the right, title and interest in the following described property: Section 24, Township 3 South, Range 54 E30 Meridian and all appurtenances thereto.

All of the right, title and interest of V. Melvin Brown in that Lease Agreement entered into on the 1st day of September, 1977, by and between Nevada Farms, Inc., a Nevada corporation, and V. Melvin Brown, et al, under which V. Melvin Brown, et al, leased the following described real property from Nevada Farms, Inc.: All of section 13, the west half and the southeast quarter

and the southeast quarter of the northeast quarter of Section 28, and the west half of the southwest quarter, and the southwest quarter of the northwest quarter of Section 27, all in Township 3 South, Range 55 East, MDBM Penoyer Valley, Lincoln County, Nevada.

The northeast quarter and the south half, Section 25, Township 3 South, Range 51 East, MDBM, Penoyer Valley, Lincoln County, Nevada.

Lots 2, 3 and 4 covering the east half of the west half of Section 31, Township 3 South, Range 55 East, MDBM, Penoyer Valley, Lincoln County, Nevada.

Desert Land Entry No. Nevada 058810, State of Nevada, comprising the west half Section 29, Township 3 South, Range 55 East, MDM, Penoyer Valley, Lincoln County, Nevada.

Desert Land Entry No. Nevada 21994, State of Nevada, comprising the east one-half, Section 5, Township 4 South, Range 55 East, MDM, Penoyer Valley, Lincoln County, Nevada.

All irrigation systems, leases, equipment and improvements now located on the above described real property, subject to the debts and obligations pertaining to the above mentioned real property, improvements and equipment.

All of the right, title and interest in V. D-I Brown in Nevada Farms, Inc., a corporation organized and existing under the Laws of the State of Nevada, given by that option agreement executed on the 1st day of September, 1977, by and between D. C. Day of Ash Springs, Biko, Nevada, O.V. Bennett, Jr., of Austin, Texas, E. V. Hyde, of Dallas, Texas, and James A. Galloway, of Dallas, Texas, as Sellers, and Marvin P. Klassen, John C. Wood, Norman Orcutt, John W. Hodge, V. Melvin Brown, and Erland L. Stenberg, doing business as Penoyer Farms, a general Nevada partnership, as Buyers.

All of the right, title and interest in Penoyer Farms, a Nevada general partnership, in that agreement for electric service executed the \_\_\_\_\_ day of \_\_\_\_\_, 1977, by and between the Lincoln County Power District and Penoyer Farms, a Nevada general partnership.

EXHIBIT C  
PROMISSORY NOTE

\$217,760.00

1978

PENOYER FARMS, LTD., a Nevada Limited Partnership, with its principal place of business in Lincoln County, Nevada, for value received, promises to pay to the order of Mel Brown Company, an Idaho corporation, with its principal place of business in Idaho Falls, Idaho, the sum of Two Hundred Seventeen Thousand Seven Hundred Sixty Dollars (\$217,760.00) with interest at the rate of eight percent (8%) per annum as provided hereinafter. If this Note is placed with an attorney or collector for collection, the undersigned promises and agrees to pay all collection charges and a reasonable attorney's fee.

This note shall be paid on demand.

Principal and interest are payable in lawful money of the United States. Presentment, demand of payment, protest, and notice of nonpayment and of protest are hereby waived.

Dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 1978.

No. 64764  
FILED AND RECORDED AT REQUEST OF  
DAVID H. DAY  
AUG 6, 1979  
AT 1 MINUTES PAST 1 O'CLOCK  
P M IN BOOK 31 OF OFFICIAL  
RECORDS, PAGE 7 LINCOLN  
COUNTY, NEVADA.  
Spencer S. [Signature]  
COUNTY RECORDER

PENOYER FARMS, LTD.

By V. Melvin Brown

By Richard L. Castleton