

LEASE-OPTION AGREEMENT

THIS AGREEMENT, made and entered into this 10th day of May, 1982, by and between Brentwood Hepworth and Dorothea D. Hepworth, hereinafter referred to as "Hepworth", and James Seastrand and Rosel Seastrand, hereinafter referred to as "Seastrand".

W I T N E S S E T H:

WHEREFORE, the parties hereto desire to enter into a lease-option upon the hereinafter described terms,

NOW THEREFORE, the parties do agree as follows:

1. Seastrand agrees to lease, and does hereby lease unto Hepworth that certain real property located at Meadow Valley, County of Lincoln, State of Nevada, more particularly described as follows:

Parcel 1:

The E $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$; the S $\frac{1}{4}$ of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$; and the E $\frac{1}{4}$ of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$, all of Section 2, Township 3 South, Range 67 East, MDBM. (Containing approximately 15 acres)

Parcel 2:

The SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 2, Township 3 South, Range 67 East, MDBM. (Containing approximately 2.5 acres)

2. This agreement shall be for a period not to exceed five (5) years from the date of execution of this agreement, and any purchase amounts due hereunder shall be in full and not pro-rated.

3. Hepworth shall pay to Seastrand the total sum of One Hundred Dollars (\$100.00) per year commencing upon the execution of this agreement as rental payment, and a like sum on the anni-

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versary date of this agreement during the lease term. Should Hepworth not pay yearly rental within 14 days after the due date of such payment, this agreement shall be deemed to be null and void, and all obligations of Seastrand hereunder shall cease.

4. Hepworth is hereby granted permission to make improvements to the real property, including, but not limited to, fences, roads, water lines, sewer lines, power lines, and buildings; all such improvements to be at the sole expense of Hepworth, and to conform to all governmental codes, ordinances and regulations.

5. Hepworth is hereby granted the option to purchase Parcel Number 1, consisting of approximately fifteen (15) acres, for the sum of Fifteen Thousand Dollars (\$15,000.00), plus or minus an amount equal to the compounded increase/decrease of the United States government's Consumer Price Index, adjusted annually at the time of purchase from the date of this agreement. This option must be exercised within the lease term of this agreement, and may be exercised by payment in cash of the amount herein specified.

6. Hepworth hereby agrees specifically that Parcel Number 2, which includes the presently existing well, is not subject to Hepworth's purchase under the terms of Paragraph 5, above. Hepworth shall, however, have the right to use the water from the well for the length of this lease. All costs in delivering this water for Hepworth's consumption shall be borne by Hepworth. Hepworth shall be responsible for gaining any governmental approvals needed for the use of this water.

7. The parties agree that Parcel Number 2 shall be reserved for the purpose of creating a non-profit quasi-municipal water system by Seastrand for the joint water usage by many potential

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consumers, if and when approved by appropriate governmental entities. In the event of construction of such water system, Hepworth shall be entitled to become a member of this water system upon terms then to be negotiated. The parties hereto understand that this constitutes an "agreement to agree", which may not be legally enforceable, but shall use their best efforts to arrive at a settlement which shall ensure Hepworth continuity of water service at a price not in excess of that charged other water users in the contemplated system for similar water service, whether it be for culinary or agricultural use. However, in the event that arrangements have not been or cannot be made by Seastrand, heirs or assigns, for the construction of a water system to provide Hepworth and others with water in sufficient quality and quantity to meet governmental requirements prior to the expiration of this lease term, then Hepworth is hereby granted the option to lease Parcel Number 2 on a year-to-year basis up to an additional twenty (20) years for an annual rental price of Fifty Dollars (\$50.00) payable on the anniversary date of this agreement. If at the end of this lease (5 years) and lease-option period (20 years), for a total of twenty-five (25) years, Seastrand has not provided a water system as outlined above, Hepworth is hereby granted the option to purchase Parcel Number 2, including the well, for the amount of \$2,500.00 for the acreage, plus \$5,000.00 for the well (being a total of \$7,500.00), plus or minus an amount equal to the compounded increase/decrease of the United States government's Consumer Price Index, adjusted annually at the time of the purchase from the date of this agreement.

8. The property which is the subject of this agreement shall not be subleased without the express written consent of Seastrand.

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9. This agreement shall be binding upon all heirs, executors, successors, and assigns upon the execution of this agreement by the parties, and the payment of the initial one year's lease payment of \$100.00, receipt of which is hereby acknowledged by the signatures of the parties.

10. This writing constitutes the entire agreement of the parties.

IN WITNESS WHEREOF, we have hereunto set our names the day and year first above written.

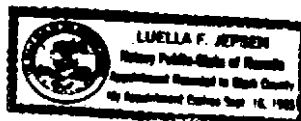
LESSORS

James Seastrand
James Seastrand
Rosel Seastrand
Rosel Seastrand

LESSEES

Brentwood Hepworth
Brentwood Hepworth
Dorothea D. Hepworth
Dorothea D. Hepworth

STATE OF NEVADA)
 :
COUNTY OF CLARK) ss.



Before me this 10 day of May, 1982,
personally appeared James Seastrand and Rosel Seastrand, who
being by me duly sworn did acknowledge that they did execute the

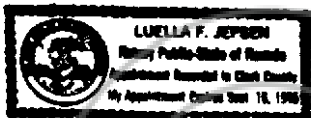
Luella F. Jepsen
NOT. 50 PAGE 368

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above agreement, entitled LEASE-OPTION AGREEMENT.

Luella F. Jepson
NOTARY PUBLIC
Residing at:
Franklin, Nev.

My Commission Expires:



STATE OF NEVADA)
 : ss.
COUNTY OF LINCOLN)

Before me this 7th day of May, 1982,

personally appeared Brentwood Hepworth and Dorothea D. Hepworth,
who being by me duly sworn did acknowledge that they did execute
the above agreement, entitled LEASE-OPTION AGREEMENT.

Colleen Flinspach
NOTARY PUBLIC
Residing at: PANACA, NV

My Commission Expires:

SEPTEMBER 20, 1985



No. 75586
FILED AND RECORDED AT REQUEST OF
BRENT HEPWORTH
May 17, 1982
AT 1 MINUTES PAST 2 O'CLOCK
2 PM IN BOOK 50 OF OFFICIAL
RECORDS, PAGE 365 LINCOLN
COUNTY, NEVADA.

Karen Herndon, Deputy
COUNTY RECORDER