

207488

BOOK 301 PAGE 514

RECORDING REQUESTED BY:

Chicago Title Company
Escrow No. 2700588 CMS

AND WHEN RECORDED MAIL TO:

Bolen, Fransen & Boostrom LLP
1322 East Shaw Avenue, Suite 430
Fresno, CA 93710

Attention: Jeffrey A. Russell
Loan No. 7 600 029

1102672

SPACE ABOVE THIS LINE FOR RECORDER'S USE

THIS DEED OF TRUST IS EXECUTED
IN TRIPPLICATE FOR CONCURRENT RECORDING
IN SAN BENITO AND MERCED COUNTIES, CALIFORNIA
AND PERSHING COUNTY, NEVADA

DEED OF TRUST, SECURITY AGREEMENT, AND
FIXTURE FILING WITH ASSIGNMENT OF RENTS AND
PROCEEDS, LEASES AND AGREEMENTS

THIS DEED OF TRUST, SECURITY AGREEMENT, AND FIXTURE FILING WITH
ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS (this "Deed of
Trust") is made as of April 8, 1996 by LAS AGUILAS CORPORATION, a Delaware corporation,
having a mailing address at c/o San Benito Cattle Co., Post Office Box 1298, Hollister, California
95024, and HUMBOLDT FEEDING, INC., a Nevada corporation, having a mailing address at
Route 1, Box 94C, Lovelock, Nevada 89419 (collectively, "Trustor"), to CHICAGO TITLE
COMPANY, having offices at 535 Monterey Street, Hollister, California 95023 ("Trustee"), for the
benefit of THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey
corporation, having offices at 1318 East Shaw Avenue, Suite 308, Fresno, California 93710
("Beneficiary").

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11-16-96
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WITNESSETH:

Trustor HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO Trustee, IN TRUST, WITH POWER OF SALE, all of Trustor's right, title and interest now owned or hereafter acquired in and to the following property, all of which is hereinafter collectively defined as the "Real Property Collateral:"

A. that certain real property located in San Benito and Merced Counties, California, and Pershing County, Nevada, as more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Land");

B. all appurtenances, easements, rights and privileges thereof, including all minerals, oil, gas and other hydrocarbon substances thereon or therein, air rights, water and Water Rights (as defined below) in or hereafter relating to or used in connection with the Land, all development rights, and any land lying in the streets, roads or avenues adjoining the Land or any part thereof (but excluding any standing crops located on, and harvested crops produced from, the Land);

C. all Improvements and Fixtures (as defined below), whether now or hereafter placed on or attached in any manner to the Land, being hereby declared to be for all purposes of this Deed of Trust a part of the Land;

D. all Easement Agreements (as defined below) and all other rights of ingress, egress, reciprocal agreements and other appurtenances relating to the Land;

E. all Leases (as defined below); and

F. all Rents and Proceeds (as defined below), whether by sale or otherwise.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may determine: (i) payment of the Indebtedness (as defined below); and (ii) payment (with interest as provided) and performance by Trustor of the Secured Obligations (as defined below). Notwithstanding the foregoing, or any other term contained herein or in the Loan Documents (as defined below), none of Trustor's obligations under or pursuant to the Hazardous Substances Agreement (as defined below) shall be secured by the lien of this Deed of Trust.

ARTICLE I
DEFINITIONS

Certain Defined Terms: As used in this Deed of Trust, the following terms shall have the following meanings. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class.

- 1.1 Agreements. As defined in Paragraph 8.2 hereof.
- 1.2 Application. The First Mortgage Loan Application dated March 29, 1996, executed by Trustor (referred to as "Borrower" therein), which Application includes all exhibits and supplements attached thereto.
- 1.3 Approved Lease. As defined in Paragraph 4.5 hereof.
- 1.4 Approved Secondary Loan. As defined in Paragraph 4.4 hereof.
- 1.5 Costs. As defined in Paragraph 9.21 hereof.
- 1.6 Easement Agreements. Any and all ingress or egress easements or agreements, reciprocal easements or operating agreements or other appurtenances, easements or real property rights or interests relating to the Land, whether now owned or hereafter acquired.
- 1.7 Encumbered Property. The Real Property Collateral and the Personal Property Collateral collectively.
- 1.8 Event of Default. As defined in Paragraph 6.1 hereof.
- 1.9 Hazardous Substances Agreement. The Hazardous Substances Remediation and Indemnification Agreement of even date herewith executed by Trustor in favor of Beneficiary.
- 1.10 Impositions. All real estate and personal property and other taxes and assessments, and any and all other charges, expenses, payments, claims, mechanics' or material suppliers' liens or assessments of any nature that at any time prior to or after the execution of the Loan Documents may be assessed, levied, imposed, or become a lien upon the Encumbered Property or the rent or income received therefrom, or any use or occupancy thereof.
- 1.11 Improvements and Fixtures. Any and all property located on or affixed (permanently or otherwise) to the Land and so related to the Land that an interest in such property arises under applicable real estate or real property law, including without limitation, any and all:
- (a) buildings, houses, barns, sheds, warehouses, storage facilities, mobile homes, and other buildings now or hereafter located on the Land ("Buildings");
 - (b) roads, bridges, canals, ditches, dams, dikes, headgates, standpipes, paved areas, storage areas, airstrips, and reservoirs now or hereafter located on the Land;

(c) enclosures of the Land or any part thereof, including, without limitation, fences, corrals, pens, gates, shunts, posts, poles, barbed wire and electric wire now or hereafter located on the Land;

(d) irrigation wells, pumps, motors and related equipment, and irrigation and drainage equipment now or hereafter located on or used in connection with the Land, including without limitation wells, pumps, motors, engines, gearheads, sprinklers, drip irrigation systems, tow lines, hand lines, irrigation pipe, drainage pipe, culverts and well casings, and also including that property described in Exhibit B attached hereto and incorporated herein by reference;

(e) crop protection equipment and apparatus now or hereafter located on or used in connection with the Land, including without limitation frost protection equipment and wind machines;

(f) electric, gas and water lines and equipment now or hereafter located on the Land, including without limitation transformers, circuit breakers, switch boxes, fuse and breaker panels, regulators, cut on/off valves, wiring and pipe; and

(g) additions, attachments and accessions to, and modifications, substitutions and replacements of, any of the foregoing.

1.12 Indebtedness. The indebtedness evidenced by the Note (including, without limitation, any Prepayment Premium due thereunder) and all other amounts due from Trustor to Beneficiary evidenced or secured by the Loan Documents, plus interest on all such amounts as provided in the Loan Documents.

1.13 Laws and Restrictions. All laws, regulations, orders, codes, ordinances, rules, statutes and policies, restrictive covenants and other title encumbrances, permits and approvals, leases and other rental agreements, relating to the development, occupancy, ownership, management, use, and/or operation of the Encumbered Property or otherwise affecting the Encumbered Property or Trustor

1.14 Leases. Any and all existing and future leases, subleases, licenses, subtenancies, occupancy agreements and concessions, and all guarantees thereof, relating to the use and enjoyment of all or any part of the Land and/or the Improvements and Fixtures.

1.15 Loan. The loan from Beneficiary to Trustor evidenced by the Note.

1.16 Loan Documents. The Note, this Deed of Trust, the Application, and all other documents (excluding the Hazardous Substances Agreement), evidencing, securing or relating to the Loan, the payment of the Indebtedness, or the performance of the Secured Obligations.

1.17 Material Adverse Change. Any material and adverse change in (i) the financial condition of Trustor, or (ii) the condition or operation of the Encumbered Property.

1.18 Note. The Promissory Note of even date herewith executed by Trustor in the original principal amount of Eight Million Seven Hundred Thousand Dollars (\$8,700,000.00), payable to Beneficiary or its order, and all modifications, replacements, renewals or extensions thereof.

1.19 Obligations. Any and all of the covenants, promises and other obligations (including the indebtedness) made or owing by Trustor to or due to Beneficiary as provided in the Loan Documents and all of the material covenants, promises and other obligations made or owing by Trustor to any other Person relating to the Encumbered Property, excluding the obligations under the Hazardous Substances Agreement.

1.20 Permitted Exceptions. All of those title exceptions set forth in Schedule B, Part I of the title insurance policy issued in favor of Beneficiary that insures the priority of this Deed of Trust, together with any Approved Secondary Loan permitted hereunder.

1.21 Person. Any natural person, corporation, firm, association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

1.22 Personal Property Collateral. The property in which Trustor has granted a security interest to Beneficiary in accordance with Article 7 of this Deed of Trust.

1.23 Pre-Authorized Agricultural Lease. As defined in Paragraph 4.5 hereof.

1.24 Real Property Collateral. As defined in the above Granting paragraph of this Deed of Trust.

1.25 Receiver. Any trustee, receiver, custodian, fiscal agent, liquidator or similar officer.

1.26 Reclamation Property. Any portion of the Land that is subject to Reclamation Law.

1.27 Reclamation Water. Irrigation water applied to Reclamation Property that is subject to Reclamation Law.

1.28 Rents and Proceeds. All rents, royalties, revenues, issues, profits (excluding any standing crops located on, and harvested crops produced from, the Land), proceeds (including without limitation proceeds from the sale of all or any portion of the Encumbered Property or any interest therein, and proceeds payable under any policy of insurance covering loss of rents or other income from the Encumbered Property) and other income from the Encumbered Property.

1.29 Secondary Interest Rate. A rate of interest per annum equal to eighteen percent (18%).

1.30 Secured Obligations. Any and all of the covenants, promises and other obligations (including the Indebtedness) made or owing by Trustor to or due to Beneficiary as provided in the Loan Documents, excluding the obligations under the Hazardous Substances Agreement.

1.31 Transfer. The occurrence of (i) any sale, conveyance, lease, assignment, transfer, alienation, mortgage, conveyance of security title, encumbrance or other disposition of all or any part of the Encumbered Property, of any kind, or any other transaction the result of which is, directly or indirectly, to divest Trustor of any portion of its title to the Encumbered Property, voluntarily or involuntarily, (ii) any merger, consolidation or dissolution involving, or the sale or transfer of all or substantially all of the assets of, a Trustor, (iii) the transfer (at one time or over any period of time) of ten percent (10%) or more of the beneficial interest in or of a Trustor (provided, however, that the following shall not be deemed to constitute a Transfer within the meaning of this clause (iii): (A) an intervivos transfer to an existing stockholder of a corporate Trustor, a spouse or child of such existing stockholder or to one or more trusts for the benefit of such existing stockholder, spouse or child, or (B) a transfer upon death pursuant to a will or the laws of descent and distribution to an existing stockholder of a corporate Trustor, a spouse or child of such deceased stockholder or to one or more trusts for the benefit of such existing stockholder, spouse or child), (iv) the transfer of any general partnership interest in Trustor or in any partnership which is a direct or indirect general partner of Trustor, (v) the conversion of any general partnership interest in Trustor to a limited partnership interest, or (vi) a Water Transfer.

1.32 Water Rights. Trustor's right, title and interest in all water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature, including without limitation, (i) the groundwater on, under, pumped from or otherwise available to the Land, whether as a result of groundwater rights, contractual rights or otherwise; (ii) the right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency and any rights granted or created by any easement, covenant, agreement or contract with any person or entity; (iii) any rights to which the Land is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water; (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Land by virtue of the Land's being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity; (v) any drainage rights appurtenant or otherwise applicable to the Land; (vi) all rights to transport, carry, allocate or otherwise deliver water or any of the foregoing rights from or to the Land by any means, wherever located; (vii) any shares (or any rights under such shares) of any private water company, mutual water company, or other non-governmental entity pursuant to which Trustor or the Land may receive any of the rights referred to in subparagraphs (i) through (vi), above.

1.33 Water Transfer. Any transfer, assignment, sale, lease, exchange, gift, encumbrance, pledge, hypothecation, alienation, grant of option to purchase, or other disposition of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or the entry into a binding agreement to do any of the foregoing with respect to all or any part of the Water Rights or any irrigation water produced on the Land or a portion thereof or any water to which the Land or a portion thereof or the owner of the Water Rights is entitled to receive delivery.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

Trustor hereby makes the following representations and warranties to Beneficiary and Trustee as of the date of this Deed of Trust and as of the date of any subsequent disbursement pursuant to the Loan Documents.

2.1 Authorization and Validity. (i) Las Aguilas Corporation is duly organized, and validly existing under the laws of the State of Delaware and is duly qualified to do business in the State of California, (ii) Humboldt Feeding, Inc. is duly organized, and validly existing under the laws of the State of Nevada and is duly qualified to do business in the State of Nevada, (iii) Trustor is the lawful owner of the Real Property Collateral and holds good and marketable title to the Real Property Collateral free and clear of all defects, liens, encumbrances, easements, exceptions and assessments, except the Permitted Exceptions, (iv) Trustor has the power and authority to grant the Encumbered Property as provided in and by this Deed of Trust, to own and operate the Encumbered Property, and to execute and deliver, and perform the obligations under, the Loan Documents, (v) Trustor is in compliance with all Laws and Restrictions, and (vi) Trustor has authorized by all requisite action the execution, delivery and performance by Trustor of the Loan Documents and the borrowings evidenced by the Note, and such execution, delivery and performance will not violate any Laws and Restrictions or any agreement or other instrument.

2.2 Statements, Information and Litigation. All financial statements and other information given to Beneficiary with respect to the Encumbered Property and/or Trustor are true, accurate, complete and correct and except as expressly noted to the contrary therein, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby. There has been no Material Adverse Change since the date of the most recent financial statement given to Beneficiary. There is not now pending against or affecting Trustor or the Encumbered Property, nor to the best of Trustor's knowledge is there threatened, any action, suit or proceeding that might result in a Material Adverse Change.

2.3 Additional Representations and Warranties. (i) The Encumbered Property is used principally or primarily for agricultural, ranching or grazing purposes and/or for purposes incidental thereto, (ii) all costs for labor and materials for the construction of the Fixtures and Improvements have been paid in full, (iii) Trustor is not aware of any assessment for public improvements which is

pending and which could become a lien upon the Real Property Collateral. (iv) no event has occurred which with the giving of notice or the passage of time, or both, would constitute an Event of Default under any of the Loan Documents. (v) Trustor is not in default under any material agreement or instrument to which it is a party, which default would have a material and adverse effect on the Encumbered Property or Trustor's ability to timely perform the Obligations. (vi) neither the Encumbered Property, nor any part thereof, has sustained, incurred or suffered any material damage or destruction. (vii) subject to the Permitted Exceptions, the Personal Property Collateral and the Improvements and Fixtures are owned by Trustor free and clear of any liens, encumbrances, mortgages, security interests, claims and rights of others. (viii) the Encumbered Property and the current use thereof complies with all Laws and Restrictions. (ix) Trustor has received no notices of violations of any Laws and Restrictions. (x) other than the tenant under the Approved Lease that is described in Paragraph 4.5 hereof, and tenants of the residential buildings on the Land that have been disclosed to Beneficiary in writing, if any, there are no occupants or lessees that have or are entitled to possession of the Encumbered Property or any part thereof, and (xi) no petition in bankruptcy, petition or answer seeking assignment for the benefit of creditors or appointment of a Receiver or similar proceeding with respect to Trustor has occurred or is contemplated.

2.4 FIRPTA Certification. Trustor declares and certifies, under penalty of perjury, that: (i) Trustor's Taxpayer Identification Number is: Las Aguilas Corporation, 86-0301661; and Humboldt Feeding, Inc., 88-0319770; (ii) the business mailing addresses of Trustor are as set forth on page 1 hereof; (iii) Trustor is not a "foreign person" within the meaning of Sections 1445 and 7701 of the Internal Revenue Code of 1986, as amended (the "Code"); and (iv) Trustor understands that the information and certification contained in this Paragraph 2.4 may be disclosed to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment or both. Trustor agrees (a) to provide Beneficiary with a new certification containing the provisions of this Paragraph 2.4 immediately upon any change in such information, and (b) upon any Transfer which is permitted by the terms of this Deed of Trust, to cause such transferee to execute and deliver to Beneficiary a certificate concerning the non-foreign status of such transferee substantially in the form of this Paragraph 2.4.

2.5 Water Rights.

(a) The Land has, and will continue to have, the continuing, enforceable right to receive irrigation water from such sources, in such quantities, and at such times and locations as is reasonably satisfactory for the purposes of grazing, ranching, and farming, without interruption and in such quantities, and at such times and locations as has been historically available to the Land. Trustor has filed with the California Department of Water Resources, the Nevada Department of Conservation and Natural Resources, and the Pershing County Water Conservation District of Nevada all notices and other documents required under any Laws and Restrictions in connection with the supply of water to and use of water upon the Land.

(b) Trustor represents and warrants to Beneficiary that: (i) some of the water used in ranching activities on the California Land is derived from wells located upon the California Land; (ii) Trustor has filed with the Department of Water Resources all notices and other documents required under the California Water Code in connection with such wells; and (iii) to the best of Trustor's knowledge, all water drawn from such wells may be used on any portion of the California Land without being subject to injunction as an export of ground water beyond the boundaries of the ground water basin from which such water was extracted.

(c) The rights of Trustor to share in the reasonable beneficial use of the natural flow of water passing any portion of the Land (together with all other rights to water located upon or supplied to such portion of the Land, the "Riparian Rights") have not been transferred by grant, contract, condemnation or otherwise. There has been no apportionment of the Riparian Rights with similar rights of any other Person. None of the Riparian Rights have been lost or impaired through, nor are the same threatened by loss due to, prescription, action of the California State Water Resources Control Board, the Nevada Department of Conservation and Natural Resources, or otherwise. None of the Riparian Rights are subject to appropriative rights of any Person. The Riparian Rights are derived from water originating in the watershed supplying such Riparian Rights and no other watershed. Trustor has complied with all applicable Laws and Restrictions concerning the Riparian Rights including, without limitation, Part 5.1 of Division 2 of the Water Code of the State of California and any other Laws and Restrictions concerning the diversion of surface water.

(d) Trustor represents and warrants to Beneficiary that: (i) 2,209.76 acres of the Nevada portion of the Land is entitled to water rights of 3 acre feet per year (subject to customary and ratable reductions in years of water shortage) delivered by the Pershing County Water Conservation District (the "Nevada Water Rights"); (ii) Trustor has not conveyed, transferred, assigned, encumbered, or hypothecated the Nevada Water Rights; (iii) all water delivered pursuant to the Nevada Water Rights is currently being used for irrigation purposes on the Land; (iv) to the best of Trustor's knowledge, such use is in compliance with all laws, ordinances, orders, rules or regulations of any governmental authorities with respect to the Nevada Water Rights; (v) Trustor has no knowledge of any violation of any law, ordinance, order, rule or regulation of any governmental authority with respect to the current use of the Nevada Water Rights; and (vi) there is no litigation pending in which Trustor (or any affiliated person or entity) is a party and which affects the Nevada Water Rights or the Nevada portion of the Land, nor has any such litigation been threatened.

(e) None of the Land is Reclamation Property and none of the water used on any portion of the Land is Reclamation Water.

ARTICLE 3
AFFIRMATIVE COVENANTS

Trustor hereby covenants and agrees as follows:

3.1 Obligations of Trustor. Trustor will timely perform, or cause to be timely performed, all the Obligations.

3.2 Insurance.

(a) Trustor, at its sole cost and expense, will keep and maintain for the mutual benefit of Trustor and Beneficiary: (i) with respect to all Buildings and other Improvements and Fixtures, insurance against loss or damage by fire and other risks covered by insurance commonly known as the broad form of extended coverage, in an amount equal to one hundred percent (100%) of the then-current "full replacement cost" of such Buildings and Improvements and Fixtures; (ii) Comprehensive General Liability insurance including broad form property damage, contractual liability and personal injury or death coverage; and (iii) such other insurance, and in such amounts, as may from time to time be reasonably required by Beneficiary.

(b) All policies of insurance required by this Deed of Trust (i) shall be prepaid annually and otherwise satisfactory in form, substance, amount and deductible to Beneficiary and written with companies satisfactory to Beneficiary, (ii) shall name Beneficiary as an additional insured as its interest may appear and contain a Standard Lender's Loss Payable endorsement and other noncontributory standard mortgagee protection clauses acceptable to Beneficiary, and at Beneficiary's option, a waiver of subrogation rights by the insurer, (iii) shall contain an agreement by the insurer that such policy shall not be amended or canceled without at least thirty (30) days' prior written notice to Beneficiary, and (iv) shall contain such other provisions as Beneficiary deems reasonably necessary or desirable to protect its interests.

(c) All of Trustor's right, title and interest in and to all policies of property insurance and any unearned premiums paid thereon are hereby assigned (to the fullest extent assignable) to Beneficiary, who shall have the right, but not the obligation, to assign the same to any purchaser of the Real Property Collateral at any foreclosure sale.

3.3 Maintenance, Waste and Repair. At its sole cost and expense, Trustor will (i) preserve, repair, replace and maintain the Encumbered Property in a good and businesslike or farmerlike manner and condition, (ii) promptly make all necessary structural and nonstructural repairs to the Encumbered Property that are required to avert a material diminution of their value, (iii) not destroy, remove, abandon, or materially diminish or alter the Improvements and Fixtures during the existence of this Deed of Trust, except for replacement of dead or diseased trees, vines or

other permanent plantings in the normal course of farming and caring for the Encumbered Property, nor erect any new buildings, structures or building additions on the Land, in each case without the prior written consent of Beneficiary. (iv) preserve, repair, replace and maintain the Encumbered Property and all Improvements and Fixtures now or hereafter located thereon and/or affixed thereto, in a good and businesslike or farmerlike manner, (v) cultivate, produce and harvest crops on the Land employing the usual and normal standards and practices of husbandry customarily employed to produce similar crops in the general vicinity of the Land, and (vi) not permit any waste of the Encumbered Property or make any change in the use thereof, nor do or permit to be done thereon anything that may in any way impair the security of this Deed of Trust. Without limiting the foregoing, Trustor shall not (a) permit any portion of the Encumbered Property to be used as a barrow pit, landfill or dump, (b) request or permit a change in zoning or land use classification from agricultural use, or (c) in any way diminish any of Trustor's Water Rights.

3.4 Impositions. Trustor will pay when due all Impositions. Trustor will deliver to Beneficiary, within seven (7) days after demand therefor, receipts showing the payment of any Impositions.

3.5 Compliance with Law. Trustor will promptly and faithfully comply with all present and future Laws and Restrictions.

3.6 Books and Records and Other Information. Trustor, without expense to Beneficiary, will maintain full and complete books of account and records reflecting the results of the operations of the Encumbered Property in accordance with generally accepted accounting principles consistently applied, and will furnish or cause to be furnished to Beneficiary such financial information concerning the condition of Trustor and the Encumbered Property as Beneficiary shall reasonably request, including, without limitation, within ninety (90) days after the close of such fiscal year of Trustor, audited annual financial statements for Humboldt Feeding, Inc., and audited, reviewed, certified or compiled annual financial statements for Las Aguilas Corporation, in each case prepared by certified public accountants and in form and substance satisfactory to Beneficiary, showing all elements of income and expenses for the operation of the Encumbered Property.

3.7 Further Assurances/Additional Information. Trustor, at any time upon the reasonable request of Beneficiary, will at Trustor's expense, execute, acknowledge and deliver all such additional papers and instruments (including, without limitation, a declaration of no offset) and perform all such further acts as may be reasonably necessary to perform the Obligations and, as Beneficiary deems necessary, to preserve the priority of the liens of this Deed of Trust and to carry out the purposes of the Loan Documents. In addition, Trustor will furnish to Beneficiary (i) within seven (7) days after written request therefor, any and all information that Beneficiary may reasonably request concerning the Encumbered Property or the performance by Trustor of the Obligations, and (ii) immediately upon receipt, copies of all (a) notices of violation relating to the Encumbered Property that Trustor receives from any governmental agency or authority, and (b) notices of default that Trustor shall give or receive under any agreement that Trustor covenants to perform hereunder.

3.8 Litigation. Trustor will promptly give notice in writing to Beneficiary of any litigation or other event or occurrence which might result in a Material Adverse Change.

3.9 Inspection of Property. Trustor hereby grants to Beneficiary, its agents, employees, consultants and contractors, the right to enter upon the Encumbered Property for the purpose of making any and all inspections, reports, tests (including, without limitation, soils borings, ground water testing, inspection of wells, orchards, trees and fields, or soils analysis), inquiries and reviews as Beneficiary (in its reasonable discretion, or in its sole and absolute discretion after an Event of Default) deems necessary to assess the then current condition of the Encumbered Property, or for the purpose of performing any of the other acts Beneficiary is authorized to perform hereunder or under the Hazardous Substances Agreement. Trustor shall cooperate with Beneficiary to facilitate such entry and the accomplishment of such purposes.

3.10 Contest. Notwithstanding the provisions of Paragraphs 3.4 and 3.5, Trustor may, at its expense, contest the validity or application of any Impositions or Laws and Restrictions by appropriate legal proceedings promptly initiated and diligently conducted in good faith, provided that (i) Beneficiary is reasonably satisfied that the priority of this Deed of Trust shall be maintained and neither the Encumbered Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished such other security as may be reasonably required from time to time by Beneficiary.

3.11 Prepayment. Trustor may prepay the Loan only on the terms and conditions set forth in the Note and Trustor shall pay Beneficiary any Prepayment Premium in respect of any such prepayment, whether voluntary or involuntary, as required by and on the terms and conditions set forth in the Note.

3.12 Tax Service Contract. Throughout the term of the Loan, at Trustor's sole expense, Beneficiary shall be furnished tax service contracts issued by a tax reporting agency satisfactory to Beneficiary.

3.13 Water. Throughout the term of the Loan, at Trustor's sole expense, Trustor shall ensure that the Land will continue to have the continuing, enforceable right to receive irrigation water from such sources, in such quantities, and at such times and locations as is reasonably satisfactory for the purposes of grazing, ranching, and farming, without substantially increased cost, and in such quantities, and at such times and locations as has been historically available to the Land.

Within ninety (90) days from the recordation of this Deed of Trust in the Official Records of Pershing County, Nevada, Trustor shall:

(a) file copies of such recorded Deed of Trust with the Nevada Department of Conservation and Natural Resources, Division of Water Resources, and the Pershing County Water Conservation District of Nevada;

(b) cause an authorized representative of the Nevada Department of Conservation and Natural Resources, Division of Water Resources, to issue a letter to Beneficiary regarding the status and priority of its lien on the Nevada Water Rights in the form of such Department's letter to Beneficiary dated August 8, 1991, subject to such revisions as may be acceptable to Beneficiary in its reasonable discretion; and

(c) cause an authorized representative of the Pershing County Water Conservation District of Nevada to issue a letter to Beneficiary regarding the status and priority of its lien on the Nevada Water Rights in the form of such District's letter to Beneficiary dated August 27, 1991, subject to such revisions as may be acceptable to Beneficiary in its reasonable discretion.

ARTICLE 4 NEGATIVE COVENANTS

Trustor hereby covenants to and agrees as follows:

4.1 Restrictive Uses. Trustor will not initiate, join in, or consent to any change in the current use of the Real Property Collateral or in any zoning ordinance, private restrictive covenant, assessment proceedings or other public or private restriction limiting or restricting the uses that may be made of the Real Property Collateral or any part thereof or in any way change the boundaries of the Land without the prior written consent of Beneficiary.

4.2 Prohibited Transfers.

(a) Trustor shall not, and shall not cause, allow or permit a Transfer without the prior written consent of Beneficiary, which consent may be withheld or conditioned in Beneficiary's absolute discretion. Any permitted transferee shall, as a condition of the effectiveness of any consent or waiver by Beneficiary hereunder, assume all of Trustor's obligations under the Loan Documents and the Hazardous Substances Agreement and agree to be bound thereby. Such assumption shall not, however, release Trustor from any liability under the Loan Documents or the Hazardous Substances Agreement. This provision shall not apply to transfers of title or interest under any will or testament or applicable law of descent. Consent to any such Transfer by Beneficiary shall not be deemed a waiver of Beneficiary's right to require such consent to any further or future Transfers.

4.3 Existing Secondary Loan. Beneficiary acknowledges that the Nevada portion of the Real Property Collateral is currently encumbered by a lien that secures a loan from FBS Ag Credit, Inc. (the "Existing Secondary Loan"). Beneficiary hereby consents to the Existing Secondary Loan provided that at all times during the term of this Deed of Trust:

- (a) this Deed of Trust constitutes a first priority deed of trust on the Real Property Collateral;
- (b) the terms of the Existing Secondary Loan are satisfactory to Beneficiary; and
- (c) the lien of the Existing Secondary Loan is subordinated to this Deed of Trust pursuant to a subordination agreement that establishes and protects the priority of this Deed of Trust, that resolves to Beneficiary's satisfaction the enforcement of any conflicting or overlapping rights to the Encumbered Property, and that is otherwise satisfactory in all respects to Beneficiary.

4.4 Replacement Secondary Loan. With Beneficiary's advance written consent, Trustor may replace or renew the Existing Secondary Loan with a replacement secondary loan (a "Replacement Secondary Loan") on terms substantially similar to the Existing Secondary Loan, if the Replacement Secondary Loan satisfies the conditions precedent to Beneficiary's consent described below. Trustor shall give Beneficiary at least thirty (30) days advance written notice of the proposed Replacement Secondary Loan.

The following constitute the conditions precedent to Beneficiary's consent to any proposed Replacement Secondary Loan:

- (a) such loan is permitted under Paragraph 9.13 hereof;
- (b) no Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default has occurred and is continuing;
- (c) the documents evidencing or securing such Replacement Secondary Loan shall be in form and substance satisfactory to Beneficiary;
- (d) Beneficiary, the lender under the Replacement Secondary Loan, and Trustor shall execute such documentation in form and substance satisfactory to Beneficiary as may be necessary to maintain the priority of Beneficiary's security interest in the Encumbered Property;
- (e) Beneficiary shall have received evidence that the liens and security interests granted hereunder continue to be first priority security interests in and to all Encumbered Property; and
- (f) Trustor shall have paid all Costs incurred by Beneficiary in connection with the review and approval of such Replacement Secondary Loan.

The Existing Loan and any Replacement Secondary Loan consented to by Beneficiary shall be referred to herein as an "Approved Secondary Loan."

4.5 Approved Lease.

(a) Notwithstanding the provisions of Paragraph 4.2 above, Beneficiary hereby consents to Trustor's lease of approximately 192.88 acres of the Nevada Land pursuant to that Lease dated August 16, 1995 between Humboldt Feeding, Inc. and Superior Farms, Inc. (the "Approved Lease").

(b) Trustor shall not take any of the following actions without the additional prior written consent of Beneficiary, if such action would impair Trustor's annual income from the Approved Lease:

(i) terminate, amend, modify or alter the Approved Lease in any manner, or waive, excuse, condone, discount, set-off, compromise, or in any manner release or discharge the tenant from any obligations, covenants, conditions and agreements by such tenant under the Approved Lease;

(ii) receive or collect any rent in advance (whether in cash or by promissory note);

(iii) further assign the Approved Lease or pledge, transfer, mortgage or otherwise encumber or assign future payments or receipts under the Approved Lease; or

(iv) commence an action of ejectment or summary proceedings for dispossession of the tenant under the Approved Lease.

4.6 Partnership Agreement. Trustor, if a partnership, will not terminate, alter, modify or amend or permit the termination, alteration, modification or amendment of its Partnership Agreement without Beneficiary's prior written consent.

ARTICLE 5
CASUALTIES AND CONDEMNATION

5.1 Insurance and Condemnation Proceeds.

(a) Trustor shall notify Beneficiary in writing immediately upon the occurrence of any loss or damage by fire or other casualty to the Encumbered Property or upon commencement of any proceedings for condemnation of any portion of the Encumbered Property. Beneficiary shall be entitled to (i) participate in any such condemnation proceedings and Trustor from time to time will deliver to Beneficiary all instruments reasonably necessary to permit such participation, and (ii) settle and adjust all insurance

claims relative to any such damage or destruction, deducting from any insurance proceeds the amount of all expenses incurred by Beneficiary in connection with any such settlement or adjustment. All proceeds paid to Trustor under any insurance policies relating to the Encumbered Property shall immediately be delivered to Beneficiary. All condemnation proceeds from the Encumbered Property are hereby assigned to and shall be paid to Beneficiary.

(b) The proceeds of any insurance policy or condemnation award or compensation received by Beneficiary shall, at the option of Beneficiary, either be applied to the prepayment of the Indebtedness or satisfaction of any Obligation or be paid over to Trustor for restoration of the Encumbered Property. If Beneficiary elects to make such proceeds available for repair or reconstruction, Beneficiary shall, through a disbursement procedure established by Beneficiary, make available to Trustor the net amount of all insurance proceeds or condemnation awards received by Beneficiary after deduction of Beneficiary's reasonable costs and expenses, if any, in collection of the same (the "Net Proceeds"). In the event Beneficiary elects not to make the Net Proceeds available for repair or reconstruction, Beneficiary, at its sole option, may apply the Net Proceeds in payment of the Indebtedness or in satisfaction of any other Obligation in such order as Beneficiary may determine. Notwithstanding the foregoing, Beneficiary shall make the Net Proceeds available to Trustor for repair or reconstruction provided that (i) there shall then be no default under any Loan Document, (ii) Beneficiary shall be satisfied that (A) the Encumbered Property can and will be restored to the condition of the Encumbered Property immediately prior to such casualty or condemnation within 18 months of the date of such casualty or condemnation in accordance with plans and specifications approved by Beneficiary, and such completion shall occur at least 24 months prior to the maturity date of the Note, and (B) no material agreements are terminated or terminable as a result of such casualty or condemnation, (iii) Trustor shall have entered into a general construction contract acceptable in all respects to Beneficiary for completion of the repair or reconstruction, (iv) in Beneficiary's reasonable judgment, the security for the Loan has not been materially impaired as a result of such casualty or condemnation, and (v) prior to any disbursement of Net Proceeds and throughout the restoration period, Beneficiary shall have determined, in its sole and absolute discretion, that such repair or reconstruction can be completed at a cost (which cost shall include all payments coming due under the terms of the Loan) which does not exceed the aggregate of the then remaining Net Proceeds and any funds deposited with Beneficiary by Trustor.

(c) The Net Proceeds and any additional funds deposited by Trustor with Beneficiary shall constitute additional security for the Loan. Trustor shall execute, deliver, file and/or record, at its own expense, such documents and instruments as Beneficiary requires to grant to Beneficiary a perfected, first priority security interest in the Net Proceeds and such additional funds.

5.2 Additional Provisions Relating to Condemnation. In any condemnation proceedings, Beneficiary may be represented by counsel selected by Beneficiary. Trustor hereby unconditionally and irrevocably waives all rights of a property owner under Section 1265.225(a) of the California Code of Civil Procedure or any successor statute providing for the allocation of condemnation proceeds between a property owner and a lienholder.

ARTICLE 6
EVENTS OF DEFAULT AND REMEDIES OF BENEFICIARY

6.1 Events of Default.

(a) It shall constitute an "Event of Default" hereunder if any of the following events shall occur and Beneficiary, by written notice delivered to Trustor, declares Trustor to be in default: (i) Trustor shall fail to pay within five (5) days of the date when due any part of the indebtedness; (ii) Trustor shall fail to timely observe, perform or discharge any Obligation, other than as described in Paragraphs 6.1(a)(i),(iii),(iv),(v),(vi), (vii), (viii), and (ix), and any such failure shall remain unremedied for thirty (30) days or such lesser period as may be otherwise specified in the applicable Loan Document or agreement (the "Grace Period") after notice to Trustor of the occurrence of such failure; provided, however, that Beneficiary may extend the Grace Period up to ninety (90) days if (A) Beneficiary determines in good faith that (1) such default cannot be cured within the Grace Period but can be cured within ninety (90) days, (2) no lien or security interest created by the Loan Documents shall be impaired prior to the completion of such cure, and (3) Beneficiary's immediate exercise of any remedies provided hereunder or by law is not necessary for the protection or preservation of the Encumbered Property or Beneficiary's security interest therein, and (B) Trustor shall immediately commence and diligently pursue the cure of such default; (iii) Trustor, as lessor or sublessor, as the case may be, shall assign all or any part of the Rents and Proceeds or any interest therein without first obtaining the written consent of Beneficiary; (iv) default by Trustor after the expiration of all applicable grace or cure periods under any agreement to which Trustor is a party, other than the Loan Documents, which agreement relates to the borrowing of money by Trustor from any Person, and such default might give rise to a Material Adverse Change or adversely affect the security for the Loan; (v) any representation or warranty made by Trustor in, under or pursuant to the Loan Documents was false or misleading in any material respect as of the date on which such representation or warranty was made or deemed remade; (vi) any of the Loan Documents shall cease to be in full force and effect or be declared null and void, or shall cease to constitute valid and subsisting liens and/or valid and perfected security interests in and to the Encumbered Property, or Trustor shall contest or deny in writing that it has any further liability or obligation under any of the Loan Documents; (vii) the declaration of an Event of Default hereunder pursuant to Section 6 of the Hazardous Substances Agreement; (viii) Trustor or any successor in interest is estopped or denied from receiving irrigation water for use upon any portion of the Land for any reason, or if existing water permits or

certificates or other Water Rights shall be revoked or suspended, and Beneficiary reasonably determines that such loss or interruption of the right to receive irrigation water materially and adversely affects the value of the Encumbered Property and/or the security for the Loan; or (ix) a Material Adverse Change shall have occurred.

(b) It shall constitute an Event of Default hereunder without the requirement of any notice if any of the following events shall occur: (i) any Trustor shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts, or shall have made a general assignment for the benefit of creditors; (ii) any Trustor shall commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking to have an order for relief entered against it as debtor, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property (collectively, a "Proceeding"); (iii) any Trustor shall take any action to authorize any of the actions set forth above in clauses (i) or (ii); (iv) any Proceeding shall be commenced against any Trustor, and such Proceeding (A) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry thereof or (B) remains undismissed for a period of forty-five (45) days; or (v) failure to timely observe, perform or discharge any provision of Paragraph 4.2 hereof or the occurrence of a Transfer without Beneficiary's prior written consent.

6.2 Remedies.

(a) Upon the occurrence of any Event of Default, Beneficiary may at any time declare all of the Indebtedness to be due and payable and the same shall thereupon become immediately due and payable, together with all payments due in accordance with the terms of the Note, without any further presentment, demand, protest or notice of any kind. Beneficiary may, in its sole discretion, also do any of the following: (i) in person, by agent, or by a Receiver, without regard to the adequacy of security, the solvency of Trustor or the condition of the Real Property Collateral, without obligation so to do and without notice to or demand upon Trustor, enter upon and take possession of the Real Property Collateral, or any part thereof, in its own name or in the name of Trustee and do any acts which Beneficiary deems necessary to preserve the value or marketability of the Real Property Collateral; sue for or otherwise collect the Rents and Proceeds, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, against the Secured Obligations, all in such order as Beneficiary may determine; appear in and defend any action or proceeding purporting to affect, in any manner whatsoever, the Secured Obligations, the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase or compromise any encumbrance, charge or lien that in the judgment of Beneficiary or Trustee is prior or superior hereto; and in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees; (ii) as a matter of strict right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of

the Encumbered Property or the danger of loss, removal, or material injury to the Encumbered Property, apply ex parte to any court having jurisdiction to appoint a Receiver to enter upon and take possession of the Encumbered Property, and Trustor hereby waives notice of any application therefor, provided a hearing to confirm such appointment with notice to Trustor is set within the time required by law (any such Receiver shall have all the powers and duties of Receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale, unless such Receivership is sooner terminated); (iii) commence an action to foreclose this Deed of Trust in any manner provided hereunder or by law; (iv) with respect to any Personal Property Collateral, proceed as to both the Real Property Collateral and the Personal Property Collateral in accordance with Beneficiary's rights and remedies in respect of the Real Property Collateral, or proceed to sell the Personal Property Collateral separately and without regard to the Real Property Collateral in accordance with Beneficiary's rights and remedies as to personal property; and/or (v) deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause the Real Property Collateral to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record.

(b) If Trustor shall at any time fail to perform or comply with any of the terms, covenants and conditions required on Trustor's part to be performed and complied with under any of the Loan Documents or any other agreement that, under the terms of this Deed of Trust, Trustor is required to perform, then Beneficiary may, in its sole discretion: (i) make any payments hereunder or thereunder payable by Trustor and take out, pay for and maintain any of the insurance policies provided for herein or therein; and/or (ii) after the expiration of any applicable grace period and subject to Trustor's rights to contest certain obligations specifically granted hereby, perform any such other acts thereunder on the part of Trustor to be performed and enter upon the Encumbered Property for such purpose.

(c) Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require. Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and notice of sale as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Real Property Collateral at the time and place of sale fixed by it in such notice of sale, either as a whole, or in separate lots or parcels or items as Beneficiary shall determine, and in such order as Beneficiary may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including,

without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers. After deducting all costs, fees and expenses of Trustee and of the trust established hereby, including costs of evidence of title in connection with such sale(s), Trustee shall apply the proceeds of sale in the following priority, to the payment of: (i) first, all sums expended under the terms hereof, not then repaid, with accrued interest at the Secondary Interest Rate; (ii) second, all other sums then secured hereby; and (iii) the remainder, if any, to the person or persons legally entitled thereto. Beneficiary may, in its sole discretion, designate the order in which the Real Property Collateral shall be offered for sale or sold through a single sale or through two or more successive sales, or in any other manner Beneficiary deems to be in its best interest. If Beneficiary elects more than one sale or other disposition of the Real Property Collateral, Beneficiary may at its option cause the same to be conducted simultaneously or successively, on the same day or at such different days or times and in such order as Beneficiary may deem to be in its best interest and no such sale shall terminate or otherwise affect the lien of this Deed of Trust or any part of the Encumbered Property not then sold until all Indebtedness secured hereby has been fully paid. If Beneficiary elects to dispose of the Encumbered Property through more than one sale, Trustor shall pay the costs and expenses of each such sale of its interest in the Encumbered Property and of any proceedings where the same may be made. Trustee may postpone the sale of all or any part of the Encumbered Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement, and without further notice make such sale at the time fixed by the last postponement; or Trustee may, in its sole discretion, give a new notice of sale. Beneficiary may rescind any such notice of default at any time before Trustee's sale by executing a notice of rescission and recording the same. The recordation of such notice shall constitute a cancellation of any prior declaration of default and demand for sale and of any acceleration of maturity of Indebtedness affected by any prior declaration or notice of default. The exercise by Beneficiary of the right of rescission shall not constitute a waiver of any default then existing or subsequently occurring, or impair the right of Beneficiary to execute other declarations of default and demand for sale, or notices of default and of election to cause the Encumbered Property to be sold, nor otherwise affect the Note or this Deed of Trust, or any of the rights, obligations or remedies of Beneficiary or Trustee hereunder.

(d) In the event of a sale of the Real Property Collateral, or any part thereof, and the execution of a deed therefor, the recital therein of default, and of recording notice of default and notice of sale, and of the elapse of the required time (if any) between the recording and the notice, and of the giving of notice of sale, and of a demand by Beneficiary, or its successors or assigns, that such sale should be made, shall be conclusive proof of such default, recording, election, elapse of time, and giving of such notice, and that the sale was regularly and validly made on due and proper demand by Beneficiary, its successors or assigns. Any such deed or deeds with such recitals therein shall be effective and conclusive against Trustor, its successors and assigns, and all other Persons. The receipt for the

purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligations to see to the proper application of the purchase money.

(e) All remedies of Beneficiary provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided in the other Loan Documents or by law, including any right of offset. The exercise of any right or remedy by Beneficiary hereunder shall not in any way constitute a cure or waiver of default hereunder or under the Loan Documents, or invalidate any act done pursuant to any notice of default, or prejudice Beneficiary in the exercise of any of its rights hereunder, under the Loan Documents, or at law.

ARTICLE 7
SECURITY AGREEMENT AND FIXTURE FILING

7.1 Grant of Security Interest. As additional security for the Secured Obligations, Trustor hereby grants to Beneficiary a security interest in and to all Trustor's right, title and interest now owned or hereafter acquired in and to the following property, hereinafter referred to collectively as the "Personal Property Collateral:"

- (a) any and all goods of the type and nature included within the definition of Improvements and Fixtures in Paragraph 1.1 i above to the extent, if any, such items are characterized for any purpose as personal property (rather than as improvements and/or fixtures so related to the Land that an interest therein arises under applicable real estate or real property law);
- (b) leases and contracts related to or pertaining to the Real Property Collateral and any and all guaranties thereof;
- (c) all of Borrowers' personal property and equipment relating to the Real Property Collateral or its operations, or used in connection with the Real Property Collateral, and all governmental licenses, authorizations or permits pertaining to the Real Property Collateral or the development, ownership, management or operation thereof (excluding, however, all of Trustor's cattle and feed inventory and rolling stock);
- (d) all trademarks, service marks, designs, logos, names or similar identifications pertaining to the Real Property Collateral or under which the Real Property Collateral may be known or operated, whether registered or unregistered, and all rights to carry on business under such names, and any related goodwill associated in any way with the Real Property Collateral;

(c) all Rents and Proceeds, insurance proceeds and condemnation awards or compensation arising out of or incident to the ownership, development or operation of the Real Property Collateral and/or the Personal Property Collateral;

(f) all Water Rights (to the extent such rights are not deemed to be interests in real property) now or hereafter relating to or used in connection with the Land; and

(g) all additions to, and substitutions, renewals, replacements, products and proceeds of the foregoing.

Household furnishings and furniture maintained in the residential structures on the Land are expressly excluded from the Personal Property Collateral.

7.2 Representations and Warranties. Trustor hereby represents and warrants to Beneficiary that the Personal Property Collateral is owned by Trustor free and clear of any liens, encumbrances, mortgages, security interests, claims and rights of others, other than the Permitted Exceptions and such other exceptions (if any) previously disclosed to and approved by Beneficiary in writing.

7.3 Remedies. This Deed of Trust constitutes a security agreement with respect to the Personal Property Collateral in which Beneficiary is hereby granted a security interest. In addition to the rights and remedies provided under this Deed of Trust, Beneficiary shall have all of the rights and remedies of a secured party under the California Uniform Commercial Code as well as all other rights and remedies available at law or in equity. Trustor hereby agrees to execute and deliver on demand and irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor to, at Trustor's expense, execute, deliver and, if appropriate, to file or record with the appropriate filing or recording officer or office such instruments as Beneficiary may request or require in order to impose, perfect or continue the perfection of the lien or security interest created hereby. Upon the occurrence of any Event of Default, Beneficiary shall have (i) the right to cause any of the Personal Property Collateral to be sold at any one or more public or private sales as permitted by applicable law and to apply the proceeds thereof to the Indebtedness or the satisfaction of any Obligation, and (ii) the right to apply to the Indebtedness or the satisfaction of any Obligation any Personal Property Collateral which is cash, negotiable documents or chattel paper. Any such disposition may be conducted by an employee or agent of Beneficiary or Trustee. Any Person, including both Trustor and Beneficiary, shall be eligible to purchase any part or all of the Personal Property Collateral at any disposition.

7.4 Expenses. Expenses of retaking, holding, preparing for sale, selling or the like pertaining to the Personal Property Collateral shall be borne by Trustor and shall include Beneficiary's and Trustee's reasonable attorneys' fees and legal expenses. Trustor, upon demand of Beneficiary, shall assemble the Personal Property Collateral and make it available to Beneficiary on the Land, a place which is hereby deemed to be reasonably convenient to Beneficiary and Trustor. Beneficiary shall give Trustor at least ten (10) days' prior written notice of the time and place of any

public sale or other disposition of the Personal Property Collateral or of the time after which any private sale or any other intended disposition is to be made. Any such notice sent to Trustor in the manner provided for the mailing of notices herein is hereby deemed to be reasonable notice to Trustor.

7.5 Fixture Filing. This Deed of Trust covers certain goods which are or are to become fixtures related to the Land and constitutes a fixture filing with respect to such goods executed by Trustor as debtor in favor of Beneficiary as secured party.

7.6 Waivers. Trustor waives (a) any right to require Beneficiary to (i) proceed against any Person, (ii) proceed against or exhaust any of the Encumbered Property, or (iii) pursue any other remedy in its power; and (b) any defense arising by reason of any disability or other defense of Trustor or any other Person, or by reason of the cessation from any cause whatsoever of the liability of Trustor or any other Person. Until the Indebtedness shall have been paid in full, Trustor shall not have any right to subrogation, and Trustor waives any right to enforce any remedy which Beneficiary now has or may hereafter have against Trustor or against any other Person and waives any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by Beneficiary.

ARTICLE 8

ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS

8.1 Assignment of Rents and Proceeds and Leases. In connection with the Loan, Trustor absolutely and unconditionally assigns and transfers to Beneficiary (i) the Leases and (ii) the Rents and Proceeds whether now due, past due or to become due, and gives to and confers upon Beneficiary any and all rights and claims of any kind that Trustor may have against lessees under the Leases, or against any subtenants or occupants of the Real Property Collateral or any part thereof, and the right, power and authority to collect such Rents and Proceeds, and apply the same to the Indebtedness or the satisfaction of any Obligation. This assignment is meant to constitute an absolute assignment of rents, issues, and profits as described in California Civil Code Section 2938. Trustor irrevocably appoints Beneficiary its agent to, at any time, demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in the name of Trustor or in the name of Beneficiary, for all such Rents and Proceeds. Neither the foregoing assignment of Leases and Rents and Proceeds to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under this Deed of Trust shall be deemed to subject Beneficiary to the limitations of California Code of Civil Procedure Section 726 or any other relevant provision of California law, or to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Encumbered Property or the use, occupancy, enjoyment or operation of all or any part thereof, unless and until Beneficiary, in person or by its own agent, assumes actual possession thereof, nor shall appointment of a Receiver for the Real Property Collateral by any court at the request of Beneficiary or by agreement with Trustor or the entering into possession of the Real Property Collateral by such Receiver be deemed to make Beneficiary a "mortgagee-in-possession"

or otherwise responsible or liable in any manner with respect to the Real Property Collateral or the use, occupancy, enjoyment or operation thereof.

8.2 Assignment of Agreements. Trustor hereby sells, assigns, transfers, sets over and delivers to Beneficiary all of Trustor's right, title and interest in and to any and all agreements, contracts, supply contracts, reports, surveys, maintenance agreements, purchase contracts, and governmental approvals whatsoever pertaining to the operation of the Real Property Collateral, as the same may be amended or otherwise modified from time to time (collectively, the "Agreements"). The foregoing assignment encompasses the right of Trustor to (i) terminate any of the Agreements, (ii) perform or compel performance and otherwise exercise all remedies under the Agreements, and (iii) collect and receive all sums which may become due Trustor or which Trustor may now or shall hereafter become entitled to demand or claim, under the Agreements.

8.3 Revocable License. Notwithstanding anything to the contrary contained herein or in the Note, so long as no Event of Default shall have occurred, Trustor shall have a license to collect all Rents and Proceeds and all other sums which may become payable to Trustor under the Leases and the Agreements, and to first apply the same to the payment or performance of the Secured Obligations as and when due. Upon the occurrence of an Event of Default, Beneficiary shall have the right, on written notice to Trustor, to terminate and revoke the license herein granted to Trustor and shall have the right and authority then or thereafter to exercise and enforce any and all of its rights and remedies provided in this Article 8 or by law or at equity.

8.4 Nonresponsibility. The acceptance by Beneficiary of the assignments with all the rights, powers, privileges and authority so granted shall not obligate Beneficiary to assume any obligations in respect of the Rents and Proceeds or under the Leases or the Agreements or take any action thereunder or to expend any money or incur any expense or perform or discharge any obligation, duty or liability in respect of the Rents and Proceeds or under the Leases or the Agreements or to assume any obligation or responsibility for the nonperformance of the provisions thereof by Trustor.

8.5 Affirmative Covenants Regarding the Leases and Agreements. Trustor shall (i) observe, perform and discharge, all the obligations, terms, covenants, conditions and warranties of the Leases and Agreements, on the part of Trustor to be kept, and shall promptly notify Beneficiary of any default thereunder, (ii) upon written request of Beneficiary, direct the obligors under the Agreements and the lessees under the Leases to deliver all Rents and Proceeds and other payments due thereunder to Beneficiary, (iii) enforce or secure in the name of Beneficiary the performance of each and every obligation, term, covenant, condition and agreement of the Leases and Agreements to be performed by the lessees and the obligors thereunder, (iv) appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the Agreements or the obligations, duties, or liabilities of Trustor, the lessees or the obligors thereunder and, upon request by Beneficiary, do so in the name and on behalf of Beneficiary but at the expense of Trustor, and pay all costs and expenses of Beneficiary in connection therewith, including attorneys' fees and costs.

8.6 Negative Covenants Regarding the Leases and Agreements. Except for the Approved Lease, Trustor shall not, without the prior written consent of Beneficiary, lease any part of the Encumbered Property, whether for residential or commercial purposes, or renew or extend any such Leases, for a term in excess of one (1) year. In addition, if the following conduct impairs Trustor's yearly income from any Leases to which Beneficiary has given its consent, Trustor shall not, without the further written consent of Beneficiary, (i) terminate, amend, modify or alter in any manner any Leases, or waive, excuse, condone, discount, set-off, compromise, or in any manner release or discharge any lessees from any obligations, covenants, conditions and agreements by such lessees to be kept, or accept or consent to any surrender of the Leases; (ii) receive or collect any Rents and Proceeds in advance (whether in cash or by promissory note); (iii) further assign the Leases or pledge, transfer, mortgage or otherwise encumber or assign future payments of Rents and Proceeds; (iv) commence an action of ejectment or summary proceedings for dispossession of the lessees under any Leases; or (v) consent to any modification of the express purposes for which the Encumbered Property has been leased, or consent to any subletting of the Encumbered Property or any part thereof, or to assignment of the Leases by the lessees thereunder or to any assignment or further subletting by any sublessees.

ARTICLE 9
MISCELLANEOUS

9.1 Successor Trustee. Beneficiary may remove Trustee or any successor trustee at any time or times and appoint a successor trustee by recording a written substitution in the counties where the Real Property Collateral is located, or in any other manner permitted by law.

9.2 No Waiver. No failure by Beneficiary to insist upon strict, full and complete (i) payment when due of any portion of the Indebtedness, or (ii) performance of any Obligation, nor failure to exercise any right or remedy hereunder, shall constitute a waiver of any such failure to pay or breach of any such Obligation, or of the later exercise of such right or remedy.

9.3 Notices. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged, (ii) one business day after having been deposited for overnight delivery with Federal Express or another comparable overnight courier service, or (iii) three business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, addressed to the addresses set forth on page 1 hereof or addressed as such party may from time to time hereafter designate by written notice to the other parties.

9.4 Severability. If any provision hereof should be held unenforceable or void, that provision shall be deemed severable from the remaining provisions and in no way affect the validity

of this Deed of Trust except that if such provision relates to the payment of any monetary sum, then Beneficiary may, at its option, declare the Indebtedness immediately due and payable.

9.5 Joinder of Foreclosure. Should Beneficiary hold any other or additional security for the performance of the Secured Obligations, its sale or foreclosure, upon any default in such performance, in the sole discretion of Beneficiary, may be prior to, subsequent to, or joined or otherwise contemporaneous with any sale or foreclosure hereunder.

9.6 Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the state in which the Land is located.

9.7 Subordination. At the option of Beneficiary, this Deed of Trust shall become subject and subordinate in whole or in part (but not with respect to priority of entitlement to any insurance proceeds, damages, awards, or compensation resulting from damage to the Encumbered Property or condemnation or exercise of power of eminent domain), to any and all contracts of sale and/or any and all Leases upon the execution by Beneficiary (i) of a unilateral declaration to that effect, and (ii) the recording thereof in the Official Records of the county where the Land is located.

9.8 Waiver of Statute of Limitations and Rights to Trial by Jury. Trustor hereby waives, to the full extent allowed by law, the right to plead any statute of limitations as a defense to any obligation secured by this Deed of Trust and the right to a jury trial in any action under or relating to the Loan Documents.

9.9 Entire Agreement. The Loan Documents and the Hazardous Substances Agreement set forth the entire understanding between Trustor and Beneficiary relative to the Loan and the same shall not be amended except by a written instrument duly executed by Trustor and Beneficiary. The foregoing notwithstanding, the terms and the conditions of the Application shall survive the funding of the Loan but in the event of any conflict between the provisions of the Application and any of the other Loan Documents or the Hazardous Substances Agreement, except as otherwise specifically provided herein, the terms of such other Loan Documents and Hazardous Substances Agreement shall control.

9.10 Charges for Statements. Trustor agrees to pay Beneficiary's charge, up to the maximum amount permitted by law, for any statement regarding the Secured Obligations requested by Trustor or in its behalf.

9.11 Usury. In the event that Beneficiary determines that any charge, fee or interest paid or agreed to be paid in connection with the Loan may, under the applicable usury laws, cause the interest rate on the Loan to exceed the maximum permitted by law, then such charges, fees or interest shall be reduced and any amounts actually paid in excess of the maximum interest permitted by such laws shall be applied by Beneficiary to reduce the outstanding principal balance of the Loan. The parties intend that Trustor shall not be required to pay, and Beneficiary shall not be entitled to collect, interest in excess of the maximum legal rate permitted under the applicable usury laws.

9.12 Information Reporting Under IRS Section 6045(e). Any information returns or certifications that must be filed with the Internal Revenue Service and/or provided to other parties pursuant to Internal Revenue Code Section 6045(e) shall be prepared, filed by and sent to the appropriate parties by Trustor. To the extent permitted by law, Beneficiary shall have no responsibility to perform such services; provided, however, that upon demand Trustor shall pay such fee to Beneficiary as Beneficiary may reasonably and lawfully request. Beneficiary shall, where requested by Trustor, promptly supply Trustor with all information pertaining to Beneficiary reasonably required by Trustor to prepare and file any such return or certification.

9.13 ERISA.

(a) Beneficiary represents and warrants to Trustor that, as of the date of this Deed of Trust and throughout the term of the Loan, the source of funds from which Beneficiary extends the Loan is its General Account, which is subject to the claims of its general creditors under state law.

(b) Trustor represents and warrants to Beneficiary, as of the date of this Deed of Trust, and covenants throughout the term of the Loan, that (i) Trustor is not and will not become an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title I of ERISA, and (ii) the assets of Trustor do not and will not constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101.

(c) Trustor represents and warrants to Beneficiary that, as of the date of this Deed of Trust (i) Trustor is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (ii) transactions by or with Trustor are not subject to state statutes regulating investment of and fiduciary obligations with respect to governmental plans.

(d) Trustor covenants and agrees to deliver to Beneficiary such certifications or other evidence from time to time throughout the term of the Loan, as requested by Beneficiary in its sole discretion, that (i) Trustor is not an "employee benefit plan" or a "governmental plan," (ii) Trustor is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans, and (iii) one or more of the following circumstances is true: (A) equity interests in Trustor are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2); (B) less than twenty-five percent (25%) of all equity interests in Trustor are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); (C) Trustor qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e); or (D) no equity interest in Trustor is held directly or indirectly by an employee benefit plan subject to ERISA.

(c) any of the following shall constitute an Event of Default entitling Beneficiary to exercise any and all remedies to which it may be entitled under the Loan Documents:
 (i) the failure of any representation or warranty made by Trustor under this Paragraph 9.13 to be true and correct in all respects; (ii) the failure of Trustor to provide Beneficiary with the written certifications and evidence referred to above, or (iii) the consummation by Trustor of a transaction which would cause the Deed of Trust or any exercise of Beneficiary's rights under the Loan Documents to constitute a nonexempt prohibited transaction under ERISA or a violation of a state statute regulating governmental plans, subjecting Beneficiary to liability for violation of ERISA or such state statute.

(f) Trustor shall indemnify, protect and defend and hold Beneficiary harmless from and against all loss, fee, cost, damage and expense (including attorneys' fees and costs incurred in the investigation, defense and settlement of claims and losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Beneficiary's sole discretion) that Beneficiary may incur, directly or indirectly, as a result of a default under Paragraph 9.13(c). This indemnity shall survive any termination, satisfaction or foreclosure of the Deed of Trust.

(g) Notwithstanding anything to the contrary contained in this Deed of Trust, no Transfer otherwise permitted hereunder shall be permitted if such Transfer would negate the representations contained in this Paragraph 9.13 or cause this Deed of Trust (or the exercise by Beneficiary of any of its rights and/or remedies under any Loan Document) to constitute a violation of any provision of ERISA or of any applicable state statute regulating a governmental plan, as determined by Beneficiary in its sole and absolute discretion.

(h) Notwithstanding anything to the contrary contained in this Deed of Trust, not less than fifteen (15) days prior to any Transfer permitted hereunder pursuant to the terms and provisions hereof, Trustor shall obtain from the proposed transferee or lienholder, (i) a representation, in form and substance satisfactory to Beneficiary, that all provisions of this Paragraph 9.13 shall be true and correct after giving effect to any such Transfer, and (ii) such transferee's agreement in writing, which agreement must be in form and substance satisfactory to Beneficiary in its sole and absolute discretion, that any transfer of such transferee's interest shall be governed by the terms and provisions of this Paragraph 9.13.

9.14 Indemnification and Defense.

(a) Trustor will indemnify, defend, and hold Beneficiary and its agents harmless from and against all liability, loss, claims, damage, fee, cost or expense (including reasonable attorneys' fees) that Beneficiary might incur in connection with the making or administering of the Loan, or the enforcement of any of Beneficiary's rights or remedies under the Loan Documents, by reason of any failure of any representation or warranty made by Trustor or the failure of Trustor to perform any Obligation or by reason or in defense of any and all

claims and demands whatsoever that may be asserted against Beneficiary arising out of or in connection with the Encumbered Property or the Loan.

(b) Trustor shall appear in and defend (with counsel acceptable to Beneficiary) any action or proceeding purporting to affect the security of the Deed of Trust, or of any additional or other security for the Secured Obligations, the interest of Beneficiary or the rights, powers and duties of Trustee hereunder.

(c) Whenever, under any Loan Document, Trustor is obligated to indemnify and/or defend Beneficiary, or Trustor is obligated to defend or prosecute any action or proceeding, then Beneficiary shall have the right to participate in such prosecution or defense using counsel of Beneficiary's choice, and all costs and expenses incurred by Beneficiary in connection with such participation (including reasonable attorneys' fees) shall be reimbursed by Trustor to Beneficiary. In addition, Beneficiary shall have the right to approve any counsel retained by Trustor in connection with the prosecution or defense of any such action or proceeding by Trustor. Trustor shall give notice to Beneficiary of the initiation of all proceedings prosecuted or required to be defended by Trustor, or which are subject to Trustor's indemnity obligations, under this Deed of Trust, promptly after the receipt by Trustor of notice of the existence of any such proceeding, but in no event later than five (5) days thereafter.

(d) Should Beneficiary incur any liability, loss, claim, damage, cost or expense required to be reimbursed by Trustor to Beneficiary hereunder, the amount thereof with interest thereon at the Secondary Interest Rate shall constitute part of the Indebtedness, shall be payable by Trustor upon demand, and shall be secured by this Deed of Trust.

9.15 Destruction of Note. Trustor shall, if the Note is mutilated or destroyed by any cause whatsoever, or otherwise lost or stolen and regardless of whether due to the act or neglect of Beneficiary or Trustee, execute and deliver to Beneficiary in substitution therefor a duplicate promissory note containing the same terms and conditions as the Note, within ten (10) days after Beneficiary notifies Trustor of any such mutilation, destruction, loss or theft of the Note.

9.16 Heirs and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

9.17 Interpretation. When the identity of the parties or other circumstances make it appropriate, the masculine gender shall include the feminine and/or neuter, and the singular number shall include the plural. Specific enumeration of rights, powers and remedies of Trustee and Beneficiary and of acts which they may do and of acts Trustor must do or not do shall not exclude or limit the general. The headings of each Article and Paragraph are for convenience and do not limit, expand, or otherwise affect the contents of any provision hereof. The provisions of the Loan Documents and the Hazardous Substances Agreement shall be construed as a whole according to their common meaning, not strictly for or against any party and consistent with the provisions herein

contained, in order to achieve the objectives and purposes of such documents. Each party and its counsel has reviewed and revised the Loan Documents and the Hazardous Substances Agreement and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of such document. The use in the Loan Documents and the Hazardous Substances Agreement of the words "including", "such as", or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific items or matters, whether or not language of nonlimitation such as "without limitation" or "but not limited to," or words of similar import are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter. The term "Trustor" shall be deemed to refer to the original Trustor, and its successors and assigns (whether or not such assign assumed the Obligations hereunder); the term "Beneficiary" includes Beneficiary named herein or any future owner or holder, including pledgees of and participants in the Note, or any other instrument secured hereby, or any participation therein; and the term "Trustee" includes the original Trustee and its successors and assigns. The references to the "Encumbered Property" shall be deemed to refer to all or any portion of the Encumbered Property and any interest therein. References to "foreclosure" and related phrases shall be deemed references to the appropriate procedure in connection with Trustee's private power of sale as well as any judicial foreclosure proceeding or a conveyance in lieu of foreclosure.

9.18 Information to Third Persons. If, at any time, Beneficiary desires to sell or transfer, or grant a participation interest in, all or any portion of, or any interest in, the Note or any other Loan Document to any Person, Trustor shall furnish in a timely manner any and all financial information concerning the Encumbered Property and Leases, and concerning Trustor's financial condition, requested by Beneficiary or such Person in connection with any such sale or transfer.

9.19 Commingling of Funds. Any and all sums collected or retained by Beneficiary hereunder (including insurance and condemnation proceeds), shall not be deemed to be held in trust, and Beneficiary may commingle such funds or proceeds with its general assets and shall not be liable for the payment of any interest or other return thereon, except to the extent otherwise required by law.

9.20 Certain Obligations Unsecured. Notwithstanding anything to the contrary set forth herein or any of the Loan Documents, this Deed of Trust shall not secure the following obligations (the "Unsecured Obligations"): (i) any obligations evidenced by or arising under the Hazardous Substances Agreement; and (ii) any other obligations in this Deed of Trust or in any of the other Loan Documents to the extent that such other obligations relate specifically to the presence on the Encumbered Property of Hazardous Materials (as defined in the Hazardous Substances Agreement) and are the same or have the same effect as any of the obligations evidenced by or arising under the Hazardous Substances Agreement. Nothing in this Paragraph 9.20 shall, in itself, impair or limit Beneficiary's right to obtain a judgment in accordance with applicable law after foreclosure for any deficiency in recovery of all Secured Obligations that are secured by this Deed of Trust following foreclosure.

9.21 Costs and Fees of Trustor. All costs, fees and expenses (including those of Beneficiary's legal counsel and consultants) (collectively, "Costs") incurred by Beneficiary in making, administering or collecting the Loan including, without limitation, Costs incurred by Beneficiary in connection with any inspections, reports, tests, inquiries and reviews, condemnation proceedings, endorsements to the title policy issued to Beneficiary upon the funding of the Loan, actions or proceedings in which Beneficiary and/or Trustee may appear or be made a party (including foreclosure or other proceedings commenced by those claiming a right to any part of the Encumbered Property or any action to partition all or part of the Encumbered Property, whether or not pursuant to final judgment and exercise of the power of sale contained herein, and whether or not the sale is actually consummated) and all sums expended by Trustee or Beneficiary in the exercise of any of their rights or remedies under this Deed of Trust shall be immediately due and payable by Trustor to Beneficiary upon demand, shall accrue interest at the Secondary Interest Rate from the date of expenditure until paid, and shall be added to the Indebtedness secured by the Loan Documents prior to any right, title or interest in or claim upon the Encumbered Property attaching or accruing subsequent to the lien of this Deed of Trust.

9.22 Partial Release.

(a) Upon Beneficiary's receipt of the first two (2) regularly scheduled annual principal payments due under the Note, the second one being due on January 1, 1999, Trustor may, from time to time during the remaining term of the Loan, by written request to Beneficiary, request the release of no more than an aggregate of 6,000 acres of Land from the lien of this Deed of Trust without a principal paydown. Beneficiary shall grant such request only upon satisfaction of such terms and conditions as may be imposed by Beneficiary at the time of such request, which terms and conditions will include, without limitation, those set forth in subparagraph (c) below and the following:

(i) Such release requests are limited to the acreage located on the exterior boundary of the California Land, containing no Improvements and Fixtures.

(ii) Any such releases requested must not, in the sole and absolute discretion of Beneficiary, adversely affect, modify, diminish or release (A) Beneficiary's lien priority or interest in the remaining Encumbered Property, (B) access to the Land, (C) water serving the Land, or (D) Beneficiary's quality rating of the Loan.

(iii) Each request for a partial release must (A) be made in writing at least 30 days prior to the anticipated release, (B) relate to a full legal parcel or parcels, and (C) be accompanied by a legal description of the release parcel(s), a map identifying the release parcel(s) and a release evaluation fee of \$1,500. Upon receipt of such items, and provided Trustor is not in default, Beneficiary will evaluate such request based on its then current underwriting standards and notify Trustor in writing whether

or not Beneficiary will approve such request for a partial release and, if Beneficiary is willing to allow such partial release, the conditions precedent to such partial release. Trustor understands, acknowledges and agrees that Beneficiary has not agreed to any such partial release and that any request for such partial release may be granted or withheld by Beneficiary based upon its evaluation of its then current underwriting criteria.

(b) Upon Beneficiary's receipt of the regularly scheduled annual principal payment due under the Note on January 1, 1998, Trustor may request a partial release of the Humboldt Feeding, Inc. portion of the Encumbered Property from the lien of this Deed of Trust. Such release is subject to satisfaction of the terms and conditions set forth in subparagraph (c) below and Beneficiary's receipt of a principal paydown in the amount of Two Million Seven Hundred Thousand Dollars (\$2,700,000), together with the amount of interest accrued on such amount, and the Prepayment Premium as defined in the Note.

(c) Beneficiary's obligation to complete the releases described in subparagraphs (a) and (b) above shall be subject to the satisfaction, in Beneficiary's sole discretion, of the following conditions:

(i) There shall be no uncured default under the Loan Documents or the Hazardous Substances Agreement at the time of such request or at the time of such release, nor shall any condition, event or occurrence exist which, with the passage of time or giving of notice or both, would constitute such a default.

(ii) If Beneficiary retains outside counsel to review and/or prepare any documents, instruments or agreements relating to the request for release, Trustor shall pay to Beneficiary the reasonable fees and expenses of such outside counsel. Tenant shall also pay all other reasonable fees and expenses incurred in connection with the release, including, without limitation, recording fees, trustee's fees, title insurance premiums or fees, escrow fees and costs and other expenses incurred in connection with the preparation and recordation of any required modifications to the Loan Documents.

(iii) Beneficiary's receipt, at Trustor's sole cost, of such title insurance coverage as it may deem reasonably necessary to ensure that this Deed of Trust is a valid first encumbrance against the remaining portion of the Encumbered Property, subject only to such title exceptions as were shown in the original policy insuring this Deed of Trust, current taxes and assessments and other exceptions to title as may have been approved in writing by Beneficiary.

(iv) Beneficiary's receipt, at least thirty (30) days prior to the release, of evidence satisfactory in all respects to Beneficiary that no more than the identity and number of acres of land permitted to be released hereunder will be released.

(v) The remaining Encumbered Property and the portion released, both separately and together, shall satisfy all requirements under pertinent land use and zoning laws, ordinances, rules and regulations.

(vi) The remaining Encumbered Property shall be in all respects independent from the portion released, including, without limitation, the requirement that no loss of access to or through the remaining Encumbered Property shall occur as a result of the partial release.

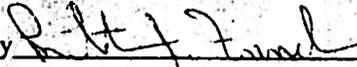
(vii) The release shall be effected through such documentation as Beneficiary deems reasonably necessary, including without limitation, modifications to the Loan Documents.

9.23 Substitution of Collateral. Beneficiary understands that Trustor may desire to substitute unimproved land for a portion of the unimproved security for the Loan. If Trustor submits a written request to Beneficiary to substitute land of at least equal value as security for the Loan and Trustor is not then in default under the Loan Documents or the Hazardous Substances Agreement, Beneficiary, without the obligation to grant such request, shall evaluate such request and determine whether and on what conditions it will grant or deny such request after conducting its customary due diligence and underwriting, and based upon its own determinations as to the value of the parcels involved in such requests and the benefit to Beneficiary achieved by granting such request. All of the foregoing determinations shall be in Beneficiary's sole and absolute discretion and Beneficiary may deny such request without giving any reason therefor. In the event such request is granted by Beneficiary, Trustor shall pay (i) Beneficiary a reasonable evaluation fee for such servicing, (ii) all legal fees of both Trustor and Beneficiary, and (iii) all title insurance premiums, recording costs, escrow fees and all other closing costs related to the substitution of collateral.

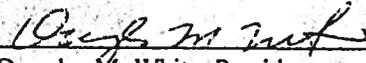
IN WITNESS WHEREOF, Trustor has caused this Deed of Trust to be executed as of the day and year first written above.

"Trustor"

LAS AGUILAS CORPORATION, a Delaware corporation

By 
Milton J. French, President

HUMBOLDT FEEDING. INC., a Nevada corporation

By 
Douglas M. White, President

STATE OF Nevada)
)SS.
COUNTY OF Pershing

On June 2, 1996, before me, Joan Duncan, notary public,
personally appeared Douglas M White, personally known to me (or proved to
me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

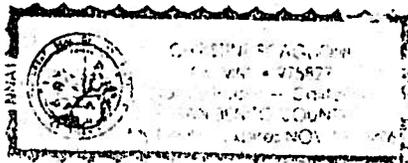


Joan Duncan

STATE OF California)
)SS.
COUNTY OF San Benito

On 6-26-96, before me, Christina Scaglione, notary public,
personally appeared Milton J. French, personally known to me (or proved to
me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Christina Scaglione

All that certain real property in the unincorporated area of the County of San Benito, State of California, described as follows:

PARCEL ONE:

That part of the Real de Los Aguilas Rancho, according to the Map thereof filed November 24, 1879, in Volume 1 of Maps, at Page 12, San Benito County Records, bounded particularly described as follows:

Beginning at Station No. One of the Real de Los Aguilas Rancho, being Station No. Twenty-Three of the final survey of the Rancho Santa Ana Y Quien Sabe; and thence proceeding with the following courses and distances; East 367.10 chains to Station No. 2 of said Real de los Aguilas Rancho; thence South 1° 8' West 169.30 chains to Station No. 3 of said Rancho; thence East 82.1' chains to Station No. 1 of Lot 4, being the corner to Township 13 and projection of 14 South, Ranges 8 and 9 East, Mount Diablo Base and Meridian, South 200.00 chains; thence South 8-1/4° West 237.40 chains to Station No. 12 of the Rancho line; thence North 89° 1' West 238.70 chains to Station No. 13 of the Rancho line; thence North 157.70 chains to Station No. 14 of the Rancho line; thence West 140.00 chains to Station No. 15 of the Rancho line; thence North 1-1/4° East 59.80 chains to Station No. 16 of the Rancho line; thence West 59.60 chains to Station No. 17 of the Rancho line; thence North 31° East 11.00 chains meandering up the bed of the Arroyo Joaquin Soto North 30-1/2° West 7.00 chains, North 65° East 9.00 chains, North 18-3/4° East 10.00 chains, North 17° West 10.00 chains, North 48° West 19.00 chains, North 9-1/4° East 17.00 chains, North 14° West 8.00 chains, North 4-1/4° West 4.00 chains, North 7-1/4° East 4.00 chains, North 47° West 10.00 chains to Station No. 22; thence North 6-1/4° East 9.00 chains to Station No. 23, North 26-3/4° East 5.00 chains to Station No. 24, North 6-1/2° West 20.00 chains to Station No. 25, North 7° East 7.00 chains to Station No. 26, North 50-3/4° West 8.00 chains to Station No. 27, North 32-1/2° West 5.00 chains to Station No. 28, North 59-1/2° West 12 chains to Station No. 29, North 4-3/4° East 8.50 chains to Station No. 30, North 38° West 13.00 chains to Station No. 31, North 21-3/4° West 17.00 chains to Station No. 32, North 49-3/4° West 20.00 chains to Station No. 33, North 5-3/4° East 10.00 chains to Station No. 34, North 15° East 11.50 chains to Station No. 35, being No. 31 of the Rancho Santa Ana Y Quien Sabe; thence continuing up the Arroyo Joaquin Soto with the line of the said Rancho Santa Ana Y Quien Sabe, North 13° East 3.00 chains to Station No. 36; North 20.00 chains to Station No. 37, North 10° West 17.00 chains to Station No. 38, North 27° East 13.00 chains to Station No. 39, North 42-1/2° East 72.60 chains to Station No. 40, North 25° East 31.00 chains to Station No. 41, North 38° East 10.00 chains to Station No. 42, North 23° East 8.00 chains to Station No. 43, North 5° West 13.60 chains to the point of beginning and being Lots 1, 2 and 3 as set out in the Report of E. J. Cahill, Esquire, Referee appointed by the District Court of the Third Judicial District of the State of California, in and for the City and County of San Francisco, to make partition of said Tract of Land.

EXCEPTING THEREFROM the interest conveyed to the County of San Benito by Deed recorded February 25, 1983 in Book 490 at Page 847, San Benito County Records.

The partition herein referred to being that made of the Rancho Real de Los Aguilas in the suit in said Court, entitled Pablo Baca, et al, vs. A. J. Donnelly, et al and said Lots 1, 2, and 3, containing said 33,650.00 acres being

those assigned by Final Decree therein to Pablo Baca, Joseph Estren, Policronio E. Anzar, a certified copy of which Decree was recorded May 26, 1894, in Volume 1 of Decrees, at Page 1, San Benito County Records.

PARCEL TWO:

That portion of the Rancho Real de Los Aguilas, according to the Map thereof filed November 24, 1879, in Volume 1 of Maps, at Page 12, San Benito County Records, bounded and particularly described as follows:

Beginning at the corner of Township 13 and the projection of 14 South, Range 8 and 9 East, Mount Diablo Base and Meridian, being a point on the Northern boundary of said Rancho and thence proceeding with the following true meridian courses and distances, East 106.60 chains to Station R.A. 4 of said Rancho, North 20.00 chains to Station R.A. 5 of said Rancho, East 20.00 chains to Station R.A. 6 of said Rancho, South 156.20 chains to Station R.A. 7 of said Rancho, East 19.80 chains to Station R.A. 8 of said Rancho, South 79.06 chains to Station R.A. 9 of said Rancho, South 60-1/2° East 145.36 chains to Station R.A. 10 of said Rancho, South 37-3/4° West 70.23 chains to Station R.A. 11 of said Rancho, South 70° 36' West 279.00 chains to Station R.A. 12 of said Rancho, North 8-1/4° East 237.40 chains; thence North 200.00 chains to the point of beginning.

EXCEPTING THEREFROM, that portion thereof described as follows:

Beginning at the common corner of Townships 13 and 14 South, Ranges 8 and 9 East, Mount Diablo Base and Meridian, said Section corner being in the Northern boundary of the said Rancho Real de Los Aguilas; thence along the said Northern boundary, East 105.60 chains to Station R.A. 4 of said Rancho and the true point of beginning; thence North 20.00 chains to Station R.A. 5 of said Rancho; thence East 20.00 chains to Station R.A. 6 of said Rancho, said Station being at a Northeasterly corner of said Rancho (in Section 32 of Township 13 South, Range 9 East); thence along the Easterly line of said Rancho, South 20.00 chains to the intersection thereof with the dividing line between said Township 13 and 14 South; thence along the said dividing line between Townships, West 20.00 chains to the true point of beginning.

PARCEL THREE: DELETED

PARCEL FOUR:

In Township 13 South, Range 8 East, Mount Diablo Base and Meridian: Of Section 21: Lots 1 and 2, the North half of the Southeast quarter and the Northeast quarter.

Of Section 22: Lots 1, 2, 3 and 4, the North half of the South half and the Northwest quarter.

Of Section 23: Lots 1, 2, 3 and 4 and the North half of the South half.

Of Section 24: The Southwest quarter.

Of Section 25: The Whole of said Section.

Of Section 36: The whole of said Section.

In Township 13 South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 30: Lots 1, 2 and 3 and the Northeast quarter of Northwest quarter.

Of Section 31: Lots 1, 2, 3, 4 and the East half of the Northwest quarter and the East half of the Southwest quarter.

In Township 14, South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 8: Lots 1, 2, 3, 4, 5 and the East half of the Northeast quarter.

Of Section 22 and of Section 27: Beginning at a 1/2 inch pipe in the division line between said Section 22 and the Real de Los Aguilas Rancho, that is South 37-3/4° West 10.68 chains from a 5 foot oak tree marked RA10, said oak tree being at the most Easterly corner of said Rancho; thence along said Rancho line South 37-3/4° West 30.66 chains to a point that is North 37-3/4° East 29.10 chains from a 30 inch oak tree in corner of said Rancho, marked RA11; thence North 75° 58' East 4.17 chains to a point in the Section line between said Sections 22 and 27; thence along said Section line South 89° 55' East 21.50 chains; thence leaving said Section line North 2° 52' East 3.50 chains, North 13° 08' West 6.60 chains; thence North 42° 59' West 3.37 chains; thence North 42° 08' West 2.17 chains; thence North 11° West 5.50 chains; thence North 7° 23' West 3.60 chains to the point of beginning.

EXCEPTING from the East half of the Northeast quarter, the Southwest quarter of the Northeast quarter and the Northeast quarter of the Southeast quarter of Section 25 in Township 13 South, Range 8 East and Lots 1, 2 and 3 and the Northeast quarter of the Northwest quarter of Section 30 in Township 13 South, Range 9 East, Mount Diablo Base and Meridian, all the coal and other mineral in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitation of the Act of December 29, 1916 (30 Stat., 862), as reserved in Patent from the United States to Clinton C. Littlejohn, dated June 8, 1922 and recorded August 15, 1922, in Book 9 of Patents, at Page 272, San Benito County Records.

PARCEL FIVE:

That portion of the Rancho Quien Sabe located in San Benito County, California, described as follows:

Commencing at an oak tree on the South bank of the Arroyo De Picachos on the North boundary of said Rancho, which oak tree is marked S.A.Q.S. 7 on the Fourth course of the Official Survey of the United States Surveyor-General of said Rancho and from thence running up said creek or Arroyo East 12 chains; thence North 50° East 12 chains; thence North 70° East 5.50 chains; thence South 83° East 12 chains; thence South 60° East 17.30 chains; thence North 60° East 13 chains; thence East 33 chains; thence South 88-1/4° East 76 chains; thence North 80° East 25 chains; thence South 75° East 9 chains; thence South 40° East 12 chains; thence South 86° East 12.50 chains; thence South 51° East 40 chains; thence North 61° East 13.50 chains; thence North 22° East 19 chains; thence North 10° West 20 chains; thence North 1° West 9 chains; thence leaving said creek or Arroyo and running East 130 chains to a stone mound, being the Northeast corner of said Rancho, in the ridge of mountain called Sierra de Quien Sabe and a boundary of the ranch called Real de Las Aguilas; thence leaving said mountain and boundary of said

Rancho Real de Las Aguilas and the Northeastern boundary line of the said Rancho "Santa Ana Y Quien Sabe", South 24-1/2° East 652 chains to the Arroyo Joaquin Soto; thence down said creek or Arroyo South 5° East 13 chains; (in various documents of record this course is written "S. 50° E. 13 chains") thence South 23° West 8 chains; thence South 38° West 18 chains; thence South 25° West 31 chains; thence South 42-1/2° West 72 chains; thence South 27° West 13 chains; thence South 10° East 17 chains; thence South 20 chains; thence South 13° West 3 chains, being the Southeast corner of said Rancho "Santa Ana Y Quien Sabe" and thence leaving said creek or Arroyo and running due West 237.50 chains to a post on the Southern boundary line of said Rancho marked S.A.Q.S.; thence North 44° East 39 chains; thence North 20° East 27 chains to a post marked "S.A.Q.S. 2"; thence North 64° East 20 chains to a post marked "S.A.Q.S. 3"; thence North 7° West 120 chains to a post marked "S.A.Q.S. 4"; thence North 40-1/2° West 240 chains to a post marked "S.A.Q.S. 5"; thence North 37-1/4° West 397.50 chains to a post marked "S.A.Q.S. 6"; and thence North 47 chains to the North boundary line of said Rancho, the point of beginning.

The land hereinabove described is the same mentioned and described as Lot No. 2 in a final decree in partition dated September 8th, A.D. 1870 of the District Court of the Third Judicial District of the State of California, in and for the County of Monterey, in the Action of Joaquin Bolado, et al, vs. Fred A. McDougall, et al, according to a re-survey made by Vitus Wackenreunder in August 1879.

The foregoing real property is also known as and called the "Quien Sabe Rancho".

EXCEPTING THEREFROM the portion thereof conveyed by Estanislao Hernandez to Joaquin Bolado by Deed dated December 15, 1873 and recorded December 26, 1873, in Volume E of Deeds, at Page 127, Records of San Benito County transcribed from Monterey County, which portion is described as follows:

Beginning at a stake on the South boundary of the Santa Ana Y Quien Sabe being Station One of Division of Survey of said Rancho and thence running North 45° East 39.55 chains, South 9° West 27.30 chains, West 23.00 chains to the point of beginning.

FURTHER EXCEPTING THEREFROM a strip of land 60 feet in width for County Highway purposes, as described in the final order of Condemnation Superior Court Case No. 7219, a certified copy thereof recorded March 28, 1966, in Volume 317, Page 316, Official Records of said County, the centerline of which is described as follows:

"Beginning at a 1 inch iron pipe set in the centerline of the existing road from which a 1-1/2 inch iron pipe at the corner designated "SAQ-S4" in the Southwesterly line of said Lot 2 as described in said decree bears S. 7 deg 23' E. 16,351.82 feet and running thence along the centerline of the proposed boundary S. 7 deg 46' 10" W. 591.00 feet, S. 9 deg 16' 10" W. 293.85 feet to a 1 inch iron pipe, S. 15 deg 07' W. 1106.82 feet to a 1 inch iron pipe, S. 21 deg 02' W. 319.64 feet to a 1 inch iron pipe S. 36 deg 31' 40" W. 299.94 feet, S. 50 deg 19' 55" W. 245.35 feet to a 1 inch iron pipe and S. 62 deg 16' 31" W. 569.37 feet to a 1 inch iron pipe in the centerline of the Tres Pinos-Quien Sabe Road as described in Road Book 1 in the Office of the County Recorder of San Benito County, from which said corner "SAQ-S4" bears S. 14 deg 44' 43" E. 64 57 feet."

PARCEL SIX:

That portion of the Rancho Quien Sabe located in San Benito County California, described as follows:

Beginning at a stake in the Santa Ana Valley marked 6, 7 and 8 and running thence along the line of Lot "7" North 52° 30' East 125 chains to a post marked "7" and "8"; thence South 37° 30' East 45 chains to a post marked "8" and "9"; thence along the line of "9" South 52° 30' West 125 chains to a post in the valley marked "8", "9" and "6"; thence North 37° 30' West 45 chains to the place of beginning.

Courses all true magnetic variations 13-1/2° East, the same being a portion of the Rancho Santa Ana in said County, also known as the Santa Ana Valley Lot.

PARCEL SEVEN:

That portion of the Rancho Quien Sabe located in San Benito County, California described as follows:

Also beginning at a post marked "7" and "8" in the Northern corner of the Santa Ana Valley Lot, above described and running thence North 52° 30' East 22 chains 36 links to a post on the Western line of the Quien Sabe Rancho; thence along said line South 37° East 164 chains 80 links; thence South 52° 30' West 20 chains 30 links; thence in a straight line to the point of beginning.

Said last mentioned tract is also described as those certain four pieces of lands parts to the Rancho Santa Ana as shown upon a Map of the Subdivision of said Rancho made on May 1860 by one S. W. Smith, County Surveyor of Monterey County and conveyed by Joaquin Dolado and Clements Arquist to Estanislus Hernandez by Deed dated September 1, 1873 and recorded in San Benito County in Liber 20 of Deeds, Page 74, viz:

(A) Lot 18 back of Lot 8, beginning at the corner of Lots 7 and 8; thence North 52-1/2° East 22 chains 36 links to a post on the division line of the Rancho Santa Ana and Quien Sabe; thence along said line South 37° East 44.80 chains; thence South 52-1/2° West 21.80 chains; thence along the Northeast boundary line of Lot 8 to the place of beginning.

(B) Lot 43 back of Lot 9, beginning at the corner of Lots 8 and 9; thence North 52-1/2° East 21.30 chains to the division line aforesaid; thence along said line South 37° East 40 chains; thence South 52-1/2° West 21.30 chains; thence along the Northeast boundary line of Lot 9 to the place of beginning

(C) Lot 44 back of Lot 12, beginning at the corner of Lots 9 and 12; thence North 52-1/2° East 21.30 chains to the division line aforesaid; thence along said line South 37° East 40 chains; thence South 52-1/2° West 20.83 chains; thence along the Northeast boundary line of Lot 12 to the place of beginning.

(D) Lot 45 back of Lot 13, beginning at the corner of Lots 12 and 13; thence North 52-1/2° East 20.83 chains to the division line aforesaid; thence along said line South 37° East 40 chains; thence South 52-1/2° West 20.30 chains; thence along the Northeast boundary line of Lot 13 to the place of beginning.

PARCEL EIGHT:

That portion of the Rancho Quien Sabe located in San Benito County, California, described as follows:

Beginning at post marked R1 on summit of small ridge, 30 chains South of the Northwest corner of Santa Ana Ranch; thence due South along its Western boundary line 65 chains to stake in the fence; 23 links South of a large oak tree; thence due East 96 chains to a post No. 3, Northeast corner of Lot 3; thence South 37-1/2° East 10 chains to a stake; corner of Lots 7 and 3; thence North 52-1/2° East 30 chains to the division line of the Rancho Santa Ana and Quien Sabe; thence Northerly following the course of said division line to the Southeast corner of the 220 acre tract known as Michael Tynan's land; thence due West along the South line of the last mentioned Tract, 90 chains to the place of beginning.

PARCEL NINE:

That portion of the Rancho Quien Sabe located in San Benito County, California, described as follows:

All oil, oil rights, minerals, mineral rights, natural gas, natural gas rights and other hydrocarbons by whatever name known that may be within or under the land together with the perpetual right of drilling, mining, exploring and operating therefore and removing the same from said land or any other land, including the right to whipstock or directionally drill and mine from lands other than those herein described, oil or gas wells, tunnels and shafts, into, through or across the subsurface of said land and to bottom such whipstock or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof and to re-drill, re-tunnel, equip, maintain, repair, deepen and operate any such wells or mines, without however, the right to drill, mine, explore and operate through the surface or upper one hundred feet of the subsurface of said land or otherwise in such manner as to endanger the safety of any roadway constructed on said land, as excepted in the final order of condemnation, Superior Court Case No. 7219, a certified copy thereof recorded March 28, 1966, in Volume 317, Page 316, Official Records of said County.

The land hereinreferred to being described as follows:

Being a portion of the Rancho Santa Ana Y Quien Sabe and being also a portion of Lot 2 as described in the "Decree in Partition in the Third Judicial Court of the State of California in and for the County of Monterey in the Section of Joaquin Bolado, et al, Plaintiffs, vs. Frederick A. MacDougall, et al, Defendant's", copy of said decree being recorded October 4, 1870 in Book "P" at Page 477, Official Records of Monterey County and also transcribed records of San Benito County and being more particularly a strip of land 60 feet in width for road way purposes, the centerline of which is described as follows:

"Beginning at a 1 inch iron pipe set in the centerline of the existing road from which a 1-1/2 inch iron pipe at the corner designated "SAQ-S4- in the Southwesterly line of said Lot 2 as described in said decree bears S. 7 degrees 23' E. 16,351.82 feet and running thence along the centerline of the proposed roadway S. 7 degrees 46' 10" W. 591.00 feet, S. 9 degrees 16' 10" W. 293.85 feet to a 1 inch iron pipe S. 15 degrees 07' W. 1106.82 feet to a 1 inch iron pipe, S. 21 degrees 02' W. 319.64 feet to a 1 inch iron pipe, S. 36 degrees 31' 40" W. 299.94 feet, S. 50 degrees 19' 55" W. 245.35 feet to a 1 inch iron pipe and S.

62 degrees 16' 35" W. 569.37 feet to a 1 inch iron pipe in the centerline of the Tres Pinos-Quien Sabe Road as described in Road Book 1 in the Office of the County Recorder of San Benito County, from which said corner "SAQ-S4" bears S. 14 degrees 44' 43" E. 13,764.57 feet."

PARCEL TEN:

In Township 12 South, Range 7 East, Mount Diablo Base and Meridian: Of Section 22: Lot 4, the Northwest quarter of the Southeast quarter, and the Southeast quarter of the Southeast quarter.

In Township 12 South, Range 7 East, Mount Diablo Base and Meridian.

PARCEL ELEVEN:

Of Section 26: South half of Northwest quarter and Southwest quarter.

Of Section 27: Lots 1, 2, 3 and Northeast and Northeast quarter of Northeast quarter.

Of Section 15: Lots 1, 2 and 3, East half of Northwest quarter and East half.

PARCEL TWELVE:

Of Section 22: The Northeast quarter of the Southeast quarter.

Of Section 21: The West half of the Southwest quarter.

PARCEL THIRTEEN:

Of Section 20: Lot 6

Of Section 21: Lot 5

PARCEL FOURTEEN:

Of Section 22: Lot 5

PARCEL FIFTEEN:

In Township 13 South, Range 9 East, Mount Diablo Base and Meridian.

Of Section 19: All of said Section

PARCEL SIXTEEN:

Of Section 20: The whole of said Section

PARCEL SEVENTEEN:

Of Section 27: The West half and the North half of the Northeast quarter.

PARCEL EIGHTEEN:

Of Section 28: Lots 8, 9, 14, 15 and 16.

Of Section 29: The Southeast quarter of the Northwest quarter, the South half of the Northeast quarter and the Northeast quarter of the Southwest quarter.

Of Section 30: The North half of the Northeast quarter, the Southeast quarter of the Northeast quarter and the Northeast quarter of the Southeast quarter.

PARCEL NINETEEN:

In Township 13 South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 28: Lots 5, 6, 7, 10, 11, 12 and 13.

Of Section 29: The Southeast quarter of the Southeast quarter.

EXCEPTING from said Parcel 19, all the coal and other minerals in the land so patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862) as reserved and excepted in Patent from the United States of America to Louis A. Frandsen dated June 8, 1922 and recorded August 15, 1922, in Volume 9 of Patents at Page 273, San Benito County Records.

PARCEL TWENTY:

In Township 13 South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 29: The Southwest quarter of the Northwest quarter, the West half of the Southwest quarter, the Southeast quarter of the Southwest quarter, the West half of the Southeast quarter and the Northeast quarter of the Southeast quarter.

Of Section 30: The Southwest quarter of the Northeast quarter, the Northwest quarter of the Southeast quarter, the South half of the Southeast quarter.

Of Section 32: The Northwest quarter of the Northwest quarter.

EXCEPTING from said Parcel 16, all the coal and other minerals in the land so patented, together with the right to prospect for, mine and remove the same, pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862) as reserved in Patent from the United States of America to Edward H. Frandsen, dated November 12, 1923 and recorded October 14, 1927, in Volume 31 of Official Records, at Page 336, San Benito County Records.

PARCEL TWENTY-ONE:

In Township 13 South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 27: The South half of the Northeast quarter and the Southeast quarter.

EXCEPTING from said Parcel 17 and other property, all the coal and other minerals in the land so patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862) as reserved in Patent from the United States of America to Fermin C. Sopolveda, dated June 8, 1922 and recorded November 1,

1927, in Volume 31 of Official Records, at Page 401, San Benito County Records and recorded August 11, 1922 in Book 22 of Official Records, at Page 60, Merced County Records.

PARCEL TWENTY TWO:

In Township 12 South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 22, Lots 1, 2, 3 and 4.

EXCEPTING from said Parcel 18 and other property, all the coal and other minerals in the land so patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862) as reserved in Patent from the United States of America to Manuel Arano, dated July 26, 1933 and recorded May 16, 1935, in Volume 74 of Official Records, at Page 90, San Benito County Records and recorded September 12, 1933 in Book 400 of Official Records, at Page 374, Merced County Records.

PARCEL TWENTY THREE:

In Township 12 South, Range 9 East, Mount Diablo Base and Meridian:

Of Section 22, The Northeast quarter of the Northwest quarter.

EXCEPTING from said Parcel 19, all uranium, thorium or any other material, which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine and remove the same, pursuant to the Act of August 1, 1946 (60 Stat., 755) as excepted and reserved in Patent from the United States of America to Louis A. Frandsen, dated January 8, 1951 and recorded March 9, 1951, Recorder's File No. 51325, San Benito County Records

EXCEPTING an undivided twenty-five percent (25%) of their present interest in all minerals of every kind within or that can be produced from the land hereby conveyed, excluding herefrom all right of surface entry and all right to any minerals mineable by strip mining or similar surface use, for a term of twenty-five (25) years from the date hereof. The twenty-five percent (25%) mineral interest of Grantors shall automatically terminate at the end of said twenty-five (25) year term except as to any oil or gas or other minerals then being produced from said land, the rights of Grantors therein to continue so long as the same continue to be produced; no rights to other kinds of minerals or to any like minerals in any reservoir or stratum not then being produced shall continue by reason of such production. A temporary cessation of production that would not result in the termination of an oil, gas and mineral lease under the customary "so long thereafter" portion of a habendum clause shall not result in the termination of Grantors' rights that may extend beyond a term of twenty-five (25) years as above provided. Grantee shall have no duty at any time to undertake or to lease or otherwise agree to any exploitation of Grantee's undivided seventy-five percent (75%) interest in any minerals in said land, as reserved in Deed from Donald L. Tuley, et al, recorded October 17, 1979, in Volume 446 of Official Records, at Page 612, Recorder's File No. 151855, San Benito County Records and Recorder's File No. 27944, Merced County

Records and in Executors Deed from Lois Howell Poppic, et al, recorded October 17, 1979, in Volume 446 of Official Records, at Page 606, San Benito County Records and Recorder's File No. 27943, Merced County Records.

PARCEL TWENTY-FOUR: DELETED

PARCEL TWENTY-FIVE: DELETED

PARCEL TWENTY-SIX:

In Township 13 South, Range 9 East, Mount Diablo Base and Meridian of Section 29 the North half of the Northeast quarter and the North half of the Northwest quarter. Of Section 31 the Southwest quarter of the Southeast quarter. Of Section 31 the Northeast quarter, the North half of the Southeast quarter and the Southeast quarter of the Southeast quarter. Of Section 32 the West half of the West half of the Southwest quarter; the West half of the Southwest quarter of the Northwest quarter and the North half of the Northeast quarter. Of Section 33, Lot 4 and the West half of Lot 3, in Township 13 South, Range 8 East, Mount Diablo Base and Meridian.

PARCEL TWENTY-SEVEN:

Of Section 9: The whole thereof. Of Section 10 South half. Of Section 11 South half of Southwest quarter. Of Section 14 West half of East half and West half. Of Section 15 North half and Southeast quarter of Section 22 Northeast quarter. Of Section 23 North half in Township 13 South, Range 8 East, Mount Diablo Base and Meridian.

PARCEL TWENTY-EIGHT:

Of Section 13: All of said Section, except North half of Northeast quarter and Southeast quarter of Northeast quarter. Of Section 14 East half of Northeast quarter and East half of Southeast quarter. Of Section 24: East half and Northeast quarter of Northwest quarter.

EXCEPTING THEREFROM, any portions thereof within the boundaries of Merced County.

PARCEL TWENTY-NINE:

The West half of the Northwest quarter of Section 24, in Township 13 South, Range 8 East, Mount Diablo Base and Meridian.

EXCEPTING from the 5/8ths interest formerly of Ed Christensen, a one-half interest in all metals, oil, or mineral, produced from same which is to remain the property of the first parties, as reserved in Deed from Rose Bermeister and her husband, John Bermeister, to Ed Christensen, dated January 7, 1947 and recorded January 22, 1947, in Volume 138 of Official Records, at Page 353, San Benito County Records.

ALSO EXCEPTING from 10/50ths interest, all the minerals, mineral substances and oils of every sort and description as reserved in Deed from Leland Thornton being joined by Ethel Thornton, his wife and Marle Thornton, being the heir at law and surviving spouse of Orvis Thornton, deceased to Evelyn J. Wood and Leroy E. Wood, dated February 4, 1954 and recorded April 7, 1954, in Volume 203 of

Official Records, at Page 552, San Benito County Records.

ALSO EXCEPTING from 20/80ths interest, all the minerals, mineral substances and oils of every sort and description, as reserved in Deed from Gail Benson Briggs, being joined by Mary Briggs, his wife, Marton Briggs, being joined by Frances Briggs, his wife, Lydia G. Zannadari, formerly Lydia G. Briggs, Frank Briggs, being joined by Evelyn Briggs, his wife and Anne Briggs, being the heir at law and surviving spouse of Armand Briggs, deceased to Evelyn J. Wood and Leroy E. Wood, dated February 4, 1954 and recorded April 7, 1954, in Volume 203 of Official Records, at Page 553, San Benito County Records.

FURTHER EXCEPTING to the Grantors, all mineral rights that they may have in said property as reserved in Deed from Leroy E. Wood and Evelyn J. Wood, husband and wife, to J. Ramon Somavia, dated April 21, 1954 and recorded June 29, 1955, in Volume 215 of Official Records, at Page 147, San Benito County Records.

PARCEL THIRTY:

The Southeast quarter of the Northwest quarter of Section 24, in Township 13 South, Range 8 East, Mount Diablo Base and Meridian.

EXCEPTING from Parcels One through Thirty described above any portion thereof lying within the boundaries of Marced County.

All that real property situated in the County of Merced, State of California, described as follows:

PARCEL 1:

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 8, THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID SOUTHWEST QUARTER TO THE SOUTHWEST CORNER THEREOF; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID SOUTHWEST QUARTER TO THE SOUTHEAST CORNER THEREOF; THENCE NORTHWESTERLY TO THE POINT OF BEGINNING. ALSO THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING THEREFROM THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 13 SOUTH, RANGE 9 EAST, ALL COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 832) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED OCTOBER 4, 1929, AS INSTRUMENT NO. 7610, OFFICIAL RECORDS.

PARCEL 2:

LOTS 2 AND 3 AND THE SOUTHEAST QUARTER OF SOUTHEAST QUARTER OF SECTION 11, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING THEREFROM THAT CERTAIN PATENT MINING CLAIM KNOWN AS THE RICHMOND GOLD SILVER AND COPPER LODE MINING CLAIM IN THE COUNTY OF MERCED, STATE OF CALIFORNIA, AND SHOWN ON THE MAP APPROVED BY THE SURVEYOR GENERAL NOVEMBER 23, 1903 AS LOT 074, OF SECTION 11, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

PARCEL 3:

THE SOUTHEAST QUARTER, SOUTH HALF OF NORTHEAST QUARTER, NORTHEAST QUARTER OF NORTHEAST QUARTER, SOUTH HALF OF SOUTHWEST QUARTER, NORTHEAST QUARTER OF SOUTHWEST QUARTER, AND SOUTHEAST QUARTER OF NORTHWEST QUARTER OF SECTION 18, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M., LYING IN MERCED COUNTY. ALSO ALL THAT PORTION OF SECTION 19, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M., LYING IN MERCED COUNTY.

PARCEL 4:

SECTION 17, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

PARCEL 5:

LOTS 1 THROUGH 10 INCLUSIVE IN SECTION 16, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING FROM LOTS 1, 2, 3, 4, 7 AND 8, ALL OIL, GAS AND OTHER HYDROCARBONS AND MINERALS NOW OR AT ANY TIME HEREAFTER SITUATE HEREIN AND THEREUNDER AS RESERVED IN A DEED FROM ERICK J. SEGERSTPOM ET AL, RECORDED JULY 12, 1946, IN BOOK 841, PAGE 11, OFFICIAL RECORDS.

EXCEPTING FROM LOTS 5 AND 6, ALL MINERALS AND METALS OF EVERY KIND HEREIN OR THEREUNDER AS RESERVED IN A DEED FROM GAIL BENSON BRIGGS, GUARDIAN OF THE ESTATES AND PERSONS OF BARTON BRIGGS, ET AL, RECORDED DECEMBER 15, 1926, IN BOOK

166, PAGE 62, OFFICIAL RECORDS.

ALSO EXCEPTING FROM LOTS 5 AND 6, ALL MINERALS AND METALS OF EVERY KIND THEREIN OR THEREUNDER AS RESERVED IN A DEED FROM ARMAND BRIGGS, ET AL, RECORDED DECEMBER 15, 1926 IN BOOK 166, PAGE 63, OFFICIAL RECORDS.

PARCEL 6:

ALL THAT PORTION OF SECTION 20, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M., THAT LIES IN MERCED COUNTY.

PARCEL 7:

LOTS 1 THROUGH 16 INCLUSIVE IN SECTION 21, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING FROM LOT 5, AN UNDIVIDED 1/16 OF ALL COAL, OIL, GAS AND OTHER MINERAL DEPOSITS IN SAID LAND, AS RESERVED IN THE PATENT FROM THE STATE OF CALIFORNIA, RECORDED IN BOOK 372, PAGE 425, OFFICIAL RECORDS OF SAID COUNTY.

EXCEPTING FROM LOT 15, ALL THE COAL AND OTHER MINERALS IN SAID LAND, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED SEPTEMBER 12, 1933 IN BOOK 100, OF OFFICIAL RECORDS, PAGE 374.

EXCEPTING FROM LOTS 1, 2, 3, AND 4 ALL MINERALS AND METALS OF EVERY KIND THEREIN OR THEREUNDER AS HERETOFORE RESERVED OF RECORD.

ALSO EXCEPTING THEREFROM ALL THAT PORTION OF LOT 13 LYING IN SAN BENITO COUNTY.

PARCEL 8:

SECTION 15, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING THEREFROM THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER.

EXCEPTING FROM THE WEST 1/2 OF THE WEST 1/2 OF THE SOUTHEAST 1/4, AND THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION ALL THE COAL AND OTHER MINERALS IN SAID LAND, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED SEPTEMBER 12, 1933, IN BOOK 400 OF OFFICIAL RECORDS, PAGE 374.

PARCEL 9:

SECTION 14, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING THEREFROM THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER, THE SOUTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER.

PARCEL 10:

SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND NORTHWEST QUARTER OF SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 13 SOUTH, RANGE 9 EAST, . D.B. & M.

PARCEL 11:

SECTION 22, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING FROM THE SOUTH 1/2 OF THE NORTHEAST 1/4, THE NORTH 1/2 OF THE SOUTHEAST 1/4 AND THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION ALL THE COAL AND OTHER MINERALS IN SAID LAND, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED AUGUST 11, 1922 IN BOOK 22 OF OFFICIAL RECORDS, PAGE 60.

PARCEL 12:

LOT 1 AND ALL THAT PORTION OF LOTS 2, 3, 4, 7 AND 8 OF SECTION 28, AS LIES WITHIN THE COUNTY OF MERCED, ALL IN TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

EXCEPTING FROM LOT 1 AND THAT PORTION OF LOTS 2, 3, AND 4 THAT LIE IN MERCED COUNTY, ALL THE COAL AND OTHER MINERALS IN SAID LAND, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED SEPTEMBER 12, 1933, IN BOOK 400 OF OFFICIAL RECORDS, PAGE 374.

EXCEPTING FROM THAT PORTION OF LOT 7, THAT LIES IN MERCED COUNTY, ALL THE COAL AND OTHER MINERALS IN SAID LAND, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED AUGUST 15, 1922, IN BOOK 465 OF OFFICIAL RECORDS, PAGE 455.

PARCEL 13:

ALL THAT PORTION OF SECTION 27, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M., LYING WITHIN MERCED COUNTY.

EXCEPTING FROM THE SOUTH 1/2 OF THE NORTHEAST 1/4 AND THAT PORTION OF THE SOUTHEAST 1/4 OF SAID SECTION 27 THAT LIES IN MERCED COUNTY, ALL THE COAL AND OTHER MINERALS IN SAID LAND, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED AUGUST 11, 1922 IN BOOK 22 OF OFFICIAL RECORDS, PAGE 60.

EXCEPTING FROM PARCELS 1 THROUGH 13 AN UNDIVIDED TWENTY-FIVE PER CENT (25%) OF THEIR PRESENT INTEREST IN ALL MINERALS OF EVERY KIND WITHIN OR THAT CAN BE PRODUCED FROM THE LAND HEREBY CONVEYED, EXCLUDING HEREFROM ALL RIGHT OF SURFACE ENTRY AND ALL RIGHT TO ANY MINERALS MINEABLE BY STRIP MINING OR SIMILAR SURFACE USE, FOR A TERM OF TWENTY-FIVE (25) YEARS FROM THE DATE HEREOF. THE TWENTY-FIVE PER CENT (25%) MINERAL INTEREST OF GRANTORS SHALL AUTOMATICALLY TERMINATE AT THE END OF SAID TWENTY-FIVE (25) YEAR TERM EXCEPT AS TO ANY OIL OR GAS OR OTHER

MINERALS THEN BEING PRODUCED FROM SAID LAND, THE RIGHTS OF THE GRANTORS THEREIN TO CONTINUE SO LONG AS THE SAME CONTINUE TO BE PRODUCED, NO RIGHTS TO OTHER KINDS OF MINERALS OR TO ANY LIKE MINERALS IN ANY RESERVOIR OR STRATUM NOT THEN BEING PRODUCED SHALL CONTINUE BY REASON OF SUCH PRODUCTION. A TEMPORARY CESSATION OF PRODUCTION THAT WOULD NOT RESULT IN THE TERMINATION OF ANY OIL AND GAS OR MINERAL LEASE UNDER THE CUSTOMARY "SO LONG THEREAFTER" PORTION OF A HABENDUM CLAUSE SHALL NOT RESULT IN THE TERMINATION OF GRANTORS' RIGHTS THAT MAY EXTEND BEYOND A TERM OF TWENTY-FIVE (25) YEARS AS ABOVE PROVIDED. GRANTEE SHALL HAVE NO DUTY AT ANY TIME TO UNDERTAKE OR TO LEASE OR OTHERWISE AGREE TO ANY EXPLOITATION OF GRANTEE'S UNDIVIDED SEVENTY-FIVE PER CENT (75%) INTEREST IN ANY MINERALS IN SAID LAND, AS RESERVED BY LOIS HOWELL POPPIC AND GEORGE TAYLOR POPPIC, JR., EXECUTORS OF THE WILL OF GEORGE T. POPPIC, DECEASED IN DEED RECORDED OCTOBER 17, 1979 IN BOOK 2202, PAGE 769, OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS 1 THROUGH 13, AN UNDIVIDED TWENTY-FIVE PER CENT (25%) OF THEIR PRESENT INTEREST IN ALL MINERALS OF EVERY KIND WITHIN OR THAT CAN BE PRODUCED FROM THE LAND HEREBY CONVEYED, EXCLUDING HEREFROM ALL RIGHT OF SURFACE ENTRY AND ALL RIGHT TO ANY MINERALS MINEABLE BY STRIP MINING OR SIMILAR SURFACE USE, FOR A TERM OF TWENTY-FIVE (25) YEARS FROM THE DATE HEREOF. THE TWENTY-FIVE PER CENT (25%) MINERAL INTEREST OF GRANTORS SHALL AUTOMATICALLY TERMINATE AT THE END OF SAID TWENTY-FIVE (25) YEAR TERM EXCEPT AS TO ANY OIL OR GAS OR OTHER MINERALS THEN BEING PRODUCED FROM SAID LAND, THE RIGHTS OF GRANTORS THEREIN TO CONTINUE SO LONG AS THE SAME CONTINUE TO BE PRODUCED; NO RIGHTS TO OTHER KINDS OF MINERALS OR TO ANY LIKE MINERALS IN ANY RESERVOIR OR STRATUM NOT THEN BEING PRODUCED SHALL CONTINUE BY REASON OF SUCH PRODUCTION. A TEMPORARY CESSATION OF PRODUCTION THAT WOULD NOT RESULT IN THE TERMINATION OF AN OIL AND GAS OR MINERAL LEASE UNDER THE CUSTOMARY "SO LONG THEREAFTER" PORTION OF A HABENDUM CLAUSE SHALL NOT RESULT IN THE TERMINATION OF GRANTORS' RIGHTS THAT MAY EXTEND BEYOND A TERM OF TWENTY-FIVE (25) YEARS AS ABOVE PROVIDED. GRANTEE SHALL HAVE NO DUTY AT ANY TIME TO UNDERTAKE OR TO LEASE OR OTHERWISE AGREE TO ANY EXPLOITATION OF GRANTEE'S UNDIVIDED SEVENTY-FIVE PERCENT (75%) INTEREST IN ANY MINERALS IN SAID LAND, AS RESERVED BY DONALD L. TULEY, ET AL, BY DEED RECORDED OCTOBER 17, 1979 IN BOOK 2202 AT PAGE 774, OFFICIAL RECORDS.

PARCEL 14:

THE NORTH HALF OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 13 IN TOWNSHIP 13 SOUTH OF RANGE 8 EAST AND THE LOTS 2 AND 4, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE EAST HALF OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 7 AND THE LOTS 1, 2, AND 3, THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 18 IN TOWNSHIP 13 SOUTH OF RANGE 9 EAST OF THE MOUNT DIABLO MERIDIAN, CALIFORNIA.

EXCEPTING FROM PARCEL 14 DESCRIBED ABOVE, ALL COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED SEPTEMBER 15, 1937 IN BOOK 551, PAGE 53, OFFICIAL RECORDS.

PARCEL 15:

LOT 3 OF SECTION 7, TOWNSHIP 13 SOUTH, RANGE 9 EAST, MOUNT DIABLO MERIDIAN.

EXCEPTING THEREFROM LOT 3 OF SECTION 7, ALL COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED JANUARY 8, 1958 IN BOOK 1348, PAGE 322, OFFICIAL RECORDS.

PARCEL 16:

IN TOWNSHIP 12 SOUTH, RANGE 8 EAST, M.D.M. - SECTION 13: SOUTH HALF

EXCEPTING FROM THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 12 SOUTH, RANGE 8 EAST, M.D.B. & M., ALL COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 28, 1916 (39 STAT., 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED DECEMBER 27, 1923, IN BOOK 63, PAGE 412, OFFICIAL RECORDS.

SECTION 14:

SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTH HALF OF THE SOUTHEAST QUARTER.

SECTION 23:

THE EAST HALF; THE EAST HALF OF THE NORTHWEST QUARTER, AND THE SOUTHWEST QUARTER.

EXCEPT FROM THE SOUTH HALF OF THE NORTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED SEPTEMBER 27, 1922 IN BOOK 24, PAGE 249, OFFICIAL RECORDS.

ALSO EXCEPT FROM THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE NORTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER ALL COALS AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916, (39 STAT. 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED APRIL 14, 1924, IN BOOK 75, PAGE 374, OFFICIAL RECORDS.

SECTION 24:

THE SOUTH HALF; AND THE NORTH HALF OF THE NORTHWEST QUARTER; AND THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER.

EXCEPT FROM THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED JANUARY 5, 1922, IN BOOK 2 OF

OFFICIAL RECORDS, PAGE 64.

ALSO EXCEPT FROM THE EAST HALF OF THE SOUTHWEST QUARTER, THE WEST HALF OF THE SOUTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED MAY 29, 1924, IN BOOK 68, PAGE 443, OFFICIAL RECORDS.

SECTION 25: ALL

EXCEPT FROM THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED JANUARY 5, 1922, IN BOOK 2, PAGE 64, OFFICIAL RECORDS.

SECTION 26: ALL

EXCEPT FROM THE NORTH HALF OF THE NORTHWEST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED SEPTEMBER 27, 1922 IN BOOK 24, PAGE 249, OFFICIAL RECORDS.

SECTION 34: THE SOUTH HALF.

EXCEPT FROM THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER, THE WEST HALF OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED SEPTEMBER 3, 1927 IN BOOK 189, PAGE 310, OFFICIAL RECORDS.

SECTION 35: THE SOUTH HALF AND THE NORTHEAST QUARTER

EXCEPT FROM THE WEST HALF OF THE NORTHEAST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED SEPTEMBER 27, 1922, IN BOOK 24, PAGE 249, OFFICIAL RECORDS.

SECTION 36: ALL

PARCEL 17:

IN TOWNSHIP 12 SOUTH, RANGE 9 EAST, M.D.M.:

SECTION 31:

LOTS 3 AND 4 AND THE EAST HALF OF THE SOUTHWEST QUARTER AND THAT PORTION OF THE

SOUTHEAST QUARTER DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH QUARTER CORNER OF SAID SECTION 11; THENCE NORTH 2,548.60 FEET; THENCE NORTH 89°22' EAST, 1,997.40 FEET; THENCE SOUTH 3°12' WEST 2,577.50 FEET; THENCE WEST 1,034.50 FEET TO THE POINT OF BEGINNING.

EXCEPT FROM THE SOUTHEAST QUARTER, ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED MARCH 10, 1926 IN BOOK 139, PAGE 370, OFFICIAL RECORDS.

ALSO EXCEPT FROM LOTS 3 AND 4, AND THE EAST HALF OF THE SOUTHWEST QUARTER, ALL THE COAL AND OTHER MINERALS IN THE LAND SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED NOVEMBER 1, 1912 IN BOOK 378, PAGE 235, OFFICIAL RECORDS.

PARCEL 18: IN TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.M.:

SECTION 6: LOTS 1 THROUGH 16 INCLUSIVE

SECTION 7: LOT 1, THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER; THE NORTH HALF OF THE NORTHEAST QUARTER; THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER.

PARCEL 19:

IN TOWNSHIP 13 SOUTH, RANGE 8 EAST, M.D.M.:

SECTION 1: ALL

SECTION 2: ALL

SECTION 3: ALL

EXCEPT FROM LOTS 3 AND 4 AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER; ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916, (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED SEPTEMBER 3, 1927, IN BOOK 189, PAGE 310, OFFICIAL RECORDS.

ALSO EXCEPT FROM THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER; AND THE SOUTHWEST QUARTER, ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED OCTOBER 4, 1923, IN BOOK 59, PAGE 159, OFFICIAL RECORDS.

SECTION 4: THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTH HALF OF THE SOUTHWEST QUARTER; AND THE SOUTHEAST QUARTER.

EXCEPT FROM THE SOUTHEAST QUARTER, AND THE SOUTH HALF OF THE SOUTHWEST QUARTER,

ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862) AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED OCTOBER 4, 1923, IN BOOK 59, PAGE 199, OFFICIAL RECORDS.

SECTION 9: ALL THAT PORTION LYING WITHIN MERCED COUNTY.

EXCEPT FROM THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER; AND THE NORTH HALF OF THE NORTHEAST QUARTER ALL THE COAL AND OTHER MINERALS IN THE LANDS SO ENTERED AND PATENTED, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE THE SAME PURSUANT TO THE PROVISIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT. 862), AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA RECORDED OCTOBER 4, 1923, IN BOOK 59, PAGE 199, OFFICIAL RECORDS.

SECTION 10: THE NORTH HALF; AND ALL THE PORTION OF THE SOUTH HALF LYING WITHIN MERCED COUNTY.

SECTION 11: ALL

SECTION 12: ALL

SECTION 13: THE NORTHWEST QUARTER; THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND ALL OF THAT PORTION OF THE SOUTH HALF LYING IN MERCED COUNTY.

SECTION 14: ALL THAT PORTION LYING WITHIN MERCED COUNTY.

PARCEL 20:

THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 13 SOUTH, RANGE 9 EAST, M.D.B. & M.

DESCRIPTION

All that certain real property & estate, lying and being in the County of Pershing, State of Nevada and more particularly described as follows:

PARCEL 1:

Parcel "A" of that certain Parcel Map for Mc JUGAL LIVESTOCK COMPANY lying within the NW 1/4 of Section 22, T.27N., R.31E., M.D.B.&M., filed in the Office of the Pershing County Recorder on July 2, 1984 under File No. 137735, Pershing County, Nevada.

PARCEL 2

Parcel "A" of that certain Parcel Map for McDOUGAL LIVESTOCK COMPANY being a portion of Section 15, T.27N., R.31E., M.D.B.&M., filed in the Office of the Pershing County Recorder on May 9, 1989 under File No. 173839, Pershing County, Nevada.

PARCEL 3

Parcel "C" of that certain Parcel Map for McDOUGAL LIVESTOCK COMPANY lying within Section 15, T.27N., R.31E., M.D.B.&M., recorded in the Office of the Pershing County Recorder on February 15, 1990, under File No. 179585, Pershing County, Nevada.

PARCEL 4

TOGETHER WITH an access easement 35 feet in width along the northerly portion of the above described Parcel "C" and a strip of land 40 feet in width depicted as the "access road" on that certain Parcel Map for McDOUGAL LIVESTOCK COMPANY recorded May 9, 1989 under File No. 173839, Pershing County, Nevada.

PARCEL 5

TOWNSHIP 27 NORTH, RANGE 31 EAST, M.D.B.&M.

Section 3: All

EXCEPTING THEREFROM the East 30 feet of the SE 1/4 and the East 30 feet of NE 1/4 described in Deeds to Humboldt County recorded in Book 41, Page 353, 382 and 384. Deed Records of Humboldt County, Nevada.

Section 4: E 1/2

Section 9: All

Section 10: SW 1/4 EXCEPTING THEREFROM a strip of land 50 feet wide 25 feet on each side of the center line of a drain ditch owned by John G. Taylor.

Section 10: All that portion of the N 1/2 lying North of the Old Channel Ditch, excepting the East 30 feet of NE 1/4 described in Deed to Humboldt County recorded in Book 41, Page 353, Deed Records of Humboldt County, Nevada.

Parcel "A" of that certain Parcel Map for McDougal Livestock Company being a portion of Section 15, Township 27 North, Range 31 East, M.D.B.&M. filed in the Office of the Pershing County Recorder on February 15, 1990 under File No. 179585.

(Continued)

Exhibit A to Deed of Trust

Page 20 of 21

Western Title Company, Inc.

LEGAL DESCRIPTION (continued)

Parcel "B" of that certain Parcel Map for McDougal Livestock Company being a portion of Section 15, Township 27 North, Range 31 East, M.D.B.&M. filed in the Office of the Pershing County Recorder on February 15, 1990 under File No. 179585, Pershing county, Nevada.

Parcel "A" of that certain Division into Large Parcels for McDougal Livestock Company being a portion of Section 16, Township 27 North, Range 31 East, M.D.B.&M. filed in the Office of the Pershing County Recorder on November 8, 1990 under File No. 183781, Pershing County, Nevada.

Parcel "C" of that certain Parcel Map for McDougal Livestock Company being a portion of Section 15, Township 27 North, Range 31 East, M.D.B.&M. filed in the Office of the Pershing County Recorder on May 9, 1989 under File No. 173839, Pershing County, Nevada.

TOWNSHIP 28 NORTH, RANGE 31 EAST, M.D.B.&M.

Section 33: E 1/2 NE 1/4; SE 1/4

Section 34: All

EXCEPTING THEREFROM a tract of land 60 feet in width by 745 feet 8 inches in length extending at right angle of North 45° East through the SE 1/4 SE 1/4 and a tract of land 30 feet in width by 4723 feet in length comprising a part of the East 30 feet of Section 34 described in Deeds to Humboldt County and recorded in Book 41, Page 383, 384 and 386, Deed Records of Humboldt County.

EXHIBIT B
to
DEED OF TRUST

BOOK 304 PAGE 570

One lift pump (Serial No. 74151147) and motor (Serial No. GLJ723118)
located on the Nevada Land

WESTERN TITLE
.96 III: -2 P12:11
304 574
207488