

the Demised Premises are properly reflected by its records and in royalty payments paid by the Lessee to the Lessors hereunder.

The leasehold hereby created is subordinate to any existing liens given to secure indebtedness or for taxes of which the Lessee has actual or constructive notice. Should the Lessors fail to pay any obligation secured by a valid lien upon the Demised Premises, the Lessee may, at its option, pay the Lessors indebtedness and charge the amount so paid plus expenses legitimately incurred to the Lessors' royalty account with the Lessee theretofore or thereafter accrued.

IT IS MUTUALLY COVENANTED AND AGREED That this Lease Agreement is made upon the following terms, covenants, conditions and agreements:

1. TAXES. The Lessors will pay all taxes on the land and improvements hereby demised and the Lessee will pay all taxes assessed against Lessee's equipment and inventory.

2. INDEMNITY AND LIABILITY INSURANCE. The Lessee shall indemnify and save harmless Lessors from and against any and all liability, penalties, damages, expenses and judgments by reason of any injury or claim of injury to persons or property arising out of the alleged negligence of the Lessee, Lessee's agents, employees or invitees, in the use, occupation or control of the Demised Premises by the Lessee. The Lessee shall keep in force adequate public liability coverage in a sum agreeable to the Lessors, and it shall be the obligation of the Lessee to defend any suit or claim, whether justified or not, brought against the Lessors by any person whomsoever, arising out of the use of the Demised Premises by the Lessee.

3. USE AND SURRENDER OF PREMISES. The Lessee covenants and agrees that it will neither make nor permit any use of the premises which will constitute a nuisance and that, at the expiration of the term of this Lease, or any extension

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