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Request of SECURITY TITLE CO SO UT
Date MAR 29 1989 Time 4:30 PM
Fee \$17.50 Book 394 Page 696-702
By DIXIE B. MATHESON, IRON COUNTY RECORDER

DECLARATION OF RESTRICTION

THIS DECLARATION OF RESTRICTION (the "Declaration") is entered into as of the 3rd day of March, 1989, between WESTERN ELECTROCHEMICAL COMPANY, a Delaware corporation ("Western"), whose address is P.O. Box 629, Cedar City, Utah 84720, and AMPAC DEVELOPMENT COMPANY, a Nevada corporation ("AMPAC"), whose address is 4045 South Spencer, Suite B-30, Las Vegas, Nevada 89119.

RECITALS:

A. Western owns a certain parcel of real property ("Parcel A") located in Iron County, Utah, more particularly described as follows:

Beginning at the South quarter corner of Section 35, Township 34 South, Range 13 West, SLM; thence North 89°33'26" West 2440.77 feet along the South line of said Section 35; thence North 0°00'00" East 1868.90 feet; thence North 90°00'00" West 1307.00 feet; thence North 0°00'00" East 828.00 feet; thence North 90°00'00" East 1557.00 feet; thence North 0°00'00" East 740.00 feet; thence North 90°00'00" East 2273.93 feet; thence South 1°22'47" West 3456.76 feet along the quarter section line to the point of beginning.

B. AMPAC owns certain real property ("Parcel B") surrounding Parcel A in Iron County, Utah, more particularly described as follows:

That portion (but only that portion) of the following described parcel of real property that is within 2500 feet of any point along the perimeter of Parcel A:

All of Sections 27, 28, 29, 32, 33, the West half and the West half of the East half of Section 34, Township 34 South, Range 13 West, Salt Lake Base and Meridian.

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SECURITY TITLE COMPANY
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Also the North half of Section 3 and the North half of Section 4, Township 35 South, Range 13 West, Salt Lake Base and Meridian.

Also the East half of the East half of Section 34, and the West half of Section 35, Township 34 South, Range 13 West, Salt Lake Base and Meridian.

Excluding therefrom Parcel A described above.

("Parcels" means Parcel A and Parcel B, collectively, and "Parcel" means either Parcel A or Parcel B, individually, where no distinction is required by the context in which such term is used.)

C. Western and AMPAC desire to establish a certain restriction on Parcel B in favor of Parcel A, as more particularly hereinafter set forth in this Declaration.

AGREEMENT:

NOW, THEREFORE, for the above purpose, the parties hereto hereby create and establish the restriction set forth herein, and hereby agree that (i) the interests in or rights concerning any portion of the Parcels, held by or vested in such parties, shall be subject and subordinate to the liens, restrictions and covenants provided for in this Declaration; and (ii) the liens, restrictions and covenants provided for in this Declaration shall be prior and superior to such interests and rights, as may be necessary to effectuate all of the terms and provisions set forth herein.

1. Definitions. As used in this Declaration, each of the following terms shall have the indicated meaning:

1.1 "Mortgage" means both a recorded mortgage and a recorded deed of trust, and "Mortgagee" means both the mortgagee under a recorded mortgage and the beneficiary under a recorded deed of trust at the time concerned.

1.2 "Official Records" means the official records of the Iron County Recorder, State of Utah.

1.3 "Owner" means the party which at the time concerned is the owner of record (in the Official Records) of a whole or partially undivided fee interest in any portion of the realty concerned. If there is more than one Owner of the realty involved at the time concerned, the liability of each such Owner for performance under and compliance with the

applicable provisions of this Declaration shall be joint and several. Notwithstanding any applicable theory relating to a Mortgage, the term "Owner" shall not mean a Mortgagee unless and until such Mortgagee has acquired title to the realty concerned pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1.4 "Security Pacific" means Security Pacific Bank Washington, N.A., its successors or its assigns with respect to the entire beneficial interest under the Trust Deed.

1.5 "Trust Deed" means that certain Deed of Trust, Assignment of Rents, Fixture Filing, Financing Statement and Security Agreement, dated March 3, 1989, executed by Western, as grantor or trustor, in favor of First American Title Insurance Company of Utah, as trustee, and Security Pacific Bank Washington, N.A., as beneficiary, and recorded in the Official Records the same date as this instrument.

2. Restriction. No use whatsoever, including without limitation the construction or maintenance of any building or improvement, shall be permitted on Parcel B unless and until the Owner of that portion of Parcel B on which such use is to be made obtains the written approval of Security Pacific, which approval shall not be unreasonably withheld; provided however, that no such approval shall be required in connection with the making of any use for storage, packaging, or shipping or similar uses related to the ammonium perchlorate manufactured on Parcel A. Security Pacific may reasonably withhold such approval if it determines, after receipt of such materials and information as necessary for Security Pacific to understand the nature and scope of the activity to be carried on upon that portion of Parcel B being developed, and after consultation with such consultants as it deems necessary, that a reasonable possibility exists that the proposed improvements to be constructed upon or the proposed use to be made of said portion of Parcel B will or could have an adverse impact or detrimental effect on the physical safety of, or could damage or cause destruction to, the ammonium perchlorate manufacturing, storage and distribution facility located upon Parcel A. Any refusal to consent by Security Pacific shall be accompanied by a written explanation of the reason or reasons for such refusal. Security Pacific agrees to provide a written response to any request for consent, as discussed in the preceding portions of this paragraph, within a reasonable time after the Owner makes a request therefor. In determining the reasonableness of the time allowed for the consent to be considered and approved or disapproved, consideration shall be given to the time necessary to obtain and receive information from the Owner of that portion of Parcel B being developed, and such time as may be

required by Security Pacific and its consultants to review the request and information furnished, and to perform such further investigations and inquiries as necessary to allow Security Pacific to make an informed decision. Any consent shall be in writing suitable for recording.

AMPAC shall have the right to formulate a master plan for the development and use of Parcel B and to submit such master plan to Security Pacific for approval or disapproval pursuant to the procedures set forth above, provided that any consent of Security Pacific need only be given simultaneously with the recording of restrictive covenants embodying such master plan and providing that amendments or modifications to such master plan would require Security Pacific's consent on the same basis as this instrument.

3. Nature of Restriction. The restriction set forth in Paragraph 2: (a) is an appurtenance to Parcel A and may not be transferred, assigned or encumbered except as an appurtenance to Parcel A; (b) shall create an equitable servitude upon Parcel B in favor of Parcel A; (c) shall constitute a covenant running with the land in favor of Parcel A; and (d) shall be binding upon and effective against any Owner whose title is acquired by judicial foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise. For purposes of such restriction, Parcel A shall constitute the dominant estate and Parcel B shall constitute the subservient estate.

4. Termination. This Declaration and all of the terms and provisions hereof, including, without limitation, the restriction set forth in Paragraph 2, shall automatically terminate on the date that a full reconveyance of the Trust Deed is recorded in the Official Records, and shall thereafter have no further force or effect.

5. Modification. This Declaration and the restriction set forth in Paragraph 2 may be terminated, extended, modified or amended with the consent of each Parcel Owner and Security Pacific, and any such termination, extension, modification or amendment shall be effective upon recordation in the Official Records of a written document effecting the same, executed and acknowledged by each such Owner and Security Pacific. Notwithstanding anything contained in the preceding sentence to the contrary, no such termination, extension, modification or amendment shall affect the rights or any Mortgagee holding a Mortgage constituting a lien on either Parcel unless such Mortgagee consents to the same in writing.

5. Notices. Any notice or demand to be given by one party to the other shall be given in writing by personal

service, telegram, express mail, Federal Express, DHL or any other similar form of courier or delivery service, or mailing in the United States mail, postage prepaid, addressed to such party as follows:

If to Western:

Western Electrochemical Company
P.O. Box 629
Cedar City, Utah 84720

If to AMPAC:

AMPAC Development Company
4045 South Spencer
Suite B-30
Las Vegas, Nevada 89119

If to Security Pacific:

Security Pacific Bank Washington, N.A.
1301 Fifth Avenue, T21-6
Seattle, Washington 98101


Any such notice shall be deemed to have been given, and shall be effective upon, delivery to the notice address then applicable for the party to which the notice is directed. Any party may change the address at which it desires to receive notice upon written notice of such change to the other party. Refusal to accept delivery of a notice or the inability to deliver a notice because of an address change which was not properly communicated shall not defeat or delay the giving of a notice.

7. Miscellaneous. This Declaration shall be governed by and construed and interpreted in accordance with the laws (excluding the choice of laws rules) of the State of Utah. This Declaration shall inure to the benefit of and be binding upon each Owner and its successors and assigns.

IN WITNESS WHEREOF, Western and AMPAC have executed this Declaration as of the date first set forth above.

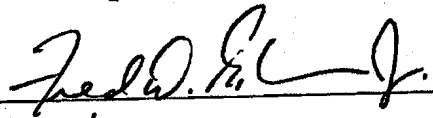
WESTERN:

WESTERN ELECTROCHEMICAL COMPANY,
a Delaware corporation

By 
Its President

AMPAC:

AMPAC DEVELOPMENT COMPANY,
a Nevada corporation

By 
Its Chairman

State of Washington)
County of King) ss.

4th The foregoing instrument was acknowledged before me this day of March, 1989, by James J. Quiter the President of Western Electrochemical Company, a Delaware corporation.

State of Washington)
County of King) ss.

4th The foregoing instrument was acknowledged before me this day of March, 1989, by Fred D. Gibson, Jr. the Chairman of AMPAC Development Company, a Nevada corporation.



My Commission Expires: _____

Catherine L. Gardner

Residing at:

Seattle, Washington

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