

MINING LEASE

THIS LEASE made July 1 1973, between GENE McBRIDE and GRAYCE McBRIDE, Husband and Wife, of Panaca, Lincoln County, Nevada, here- in referred to as Lessors, and CARL F. BACON and ELLA MAE BACON, Husband and Wife, of Panaca, Lincoln County, Nevada, herein referred to as Lessees.

WITNESSETH that in consideration of the sum of Ten Dollars (\$10.00) paid to them by Lessees, receipt of which is hereby acknowledged and for the royalties reserved herein, and the covenants and condi- tions contained herein, Lessors hereby lease to Lessees, for the purposes set forth herein, all Diatomaceous Earth contained in and lying under the surface of the following described real property, containing 14.41 acres, more or less:

A parcel of land situate in Section 4, Township 2 South, Range 68 East, M.D.B. & M., situate near the Town of Panaca, County of Lincoln, State of Nevada, described as: Beginning at the southeast corner of the SE/4 NW/4 of said Section 4 and running thence north 24-1/3 rods; thence west 107 rods; thence south 42-1/3 rods; thence east 107 rods; thence north 18 rods to the place of beginning, containing 28.31 acres, subject to a wagon road right through said tract to and from Ronnow and Findlay land on the west of said tract for the use of said parties, their heirs and assigns forever, LESS that portion thereof des- cribed as containing 13.9 acres, more or less, but not definite- ly tied to any point of beginning other than "a point about 39 rods from the southeast corner of the SE/4 NW/4 of said section 4, thence north 44-1/4 rods, thence west 51 rods, thence south 43 rods; thence east to the place of beginning, about 51 rods, which said parcel of land was conveyed to William A. Heaps by Erastus A. Hansen, by deed recorded in Book D-1 of Real Estate Deeds at page 360.

Such real property being referred to herein as the demised premis- es.

1. Mining Rights

Lessees shall have the exclusive right to mine, extract and remove all economically recoverable diatomaceous earth in or under the de-

1 demised premises for the exclusive benefit and use of Lessees and  
2 to conduct such mining operations by such method as Lessees shall  
3 determine.

4 Lessees shall have the unrestricted right to use the surface  
5 and subsurface of the demised premises for any purposes in con-  
6 nection with their mining operations on such premises or on any  
7 other mining area that, at any time during the term of this lease,  
8 shall be owned, leased, operated or controlled by Lessees. The  
9 right granted Lessees hereunder shall include, without limitation,  
10 all mining rights, privileges, franchises and immunities of every  
11 kind and nature whatsoever that are necessary or convenient, or  
12 that Lessees in their judgment shall deem to be necessary or con-  
13 venient, for carrying on mining operations, or for mining, extrac-  
14 ting, removing or marketing all Diatomaceous Earth contained in or  
15 under the demised premises or in or under any such other area.

18 2. Term

19 Lessees shall hold the demised premises during the term of two  
20 (2) years from the date hereof.

21 3. Exploration of Premises

22 Lessees shall have the exclusive right to enter on the demised  
23 premises and to explore, prospect, drill or otherwise test the  
24 same for Diatomaceous Earth with the right of free access for such  
25 persons, tools, machinery and equipment as Lessees may deem neces-  
26 sary at any time after the date hereof.

28 4. Royalty

29 After the commencement of actual mining operations on the demised  
30 premises, Lessees shall pay Lessors a royalty of Two Dollars (\$2.00)  
31 per ton of 2000 pounds for each ton of Diatomaceous Earth mined  
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1 and sold by Lessees from the demised premises. The weight of Dia-  
2 tomaceous Earth so mined and sold shall be determined upon scales  
3 certified by the State of Nevada, Division of Weights and Measures.  
4 Payments of royalty shall be made forthwith upon the Diatomaceous  
5 Earth leaving the property herein demised.

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7 5. Surrender

8 Lessees shall have the right at any time after mining operations  
9 are commenced to surrender and terminate this lease and all liabil-  
10 ity thereunder, except for royalties earned as of the date of ter-  
11 mination, on giving ten (10) days' notice by mail to Lessors.  
12 Thereupon this lease shall be cancelled as of the date fixed in  
13 such notice, and each party shall be released from any further li-  
14 ability to the other.

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16 6. Operation Rights

17 Lessors grant to Lessees the right to use any part of the surface  
18 or subsurface of the demised premises for the conduct of Lessees'  
19 mining operations, either on the demised premises or on any other  
20 premises within the general mining area of which the demised premi-  
21 ses are a part and which are owned, leased, operated or controlled  
22 by Lessees at any time while this lease shall be effective, for any  
23 mining purpose deemed by Lessees to be necessary or convenient.  
24 Such right shall include, but not be limited to, the right to cons-  
25 truct, install, erect and maintain any and all structures, fixtures,  
26 equipment, plant, mill or facilities that Lessees at any time during  
27 the term of this lease, shall deem to be necessary or convenient;  
28 to sink and maintain bore holes to conduct electricity to the mine  
29 workings; to drive entries in the demised premises; to have the un-  
30 restricted right of ingress and egress to and from the demised pre-  
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1 mises or any part thereof for any purpose in connection with the  
2 general mining operations of Lessees; and in general, to do any and  
3 all things incident to or convenient or proper in connection with  
4 Lessees' mining operation, whether such things be in the nature of  
5 those specified in this instrument or otherwise. Lessees shall also  
6 have the right to enter on the surface of the demised premises with  
7 such personnel, tools, machinery, equipment and appliances from  
8 time to time as Lessees may deem necessary or convenient for the  
9 purpose of exploring, prospecting, drilling or otherwise testing  
10 the premises to determine the presence, condition and value of the  
11 Diatomaceous Earth.  
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13 The Lessees shall erect and maintain and be responsible for any  
14 and all fencing and notices to preclude the general public from  
15 trespassing upon the premises. Lessees further agree to be respon-  
16 sible for any and all injuries sustained by any and all persons com-  
17 ing upon the property, save and except in relation to the Lessors,  
18 unless the Lessors shall suffer such injury on the premises as the  
19 direct act of the Lessees.  
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21 7. Taxes and Assessments

22 Lessors agree to pay promptly all taxes and assessment levied ag-  
23 ainst the demised premises or any part thereof during the entire  
24 term of this lease, except such as are attributable to mining oper-  
25 ations conducted by Lessees on such property. If Lessors fail to  
26 make such payments, or if there are any taxes or encumbrances now  
27 due on such real property or any part thereof, Lessees may pay the  
28 same and any penalties thereon, or redeem such property from tax sale  
29 and deduct the amount expended from any rents and royalties there-  
30 after accruing.  
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8. Renewal of Lease

Lessors hereby grant to Lessees an option to renew the terms of this lease for a further term of five (5) years, it being understood and agreed that Lessees shall thereafter pay to Lessors the sum of Three Dollars (\$3.00) per 2000 pound ton for all Diatomaceous Earth removed.

9. Incidental Provisions

At the termination of this lease, either at the end of the term or by cancellation or surrender prior thereto, Lessees shall have the right to remove all of Lessees' buildings, structures, machinery, equipment and other property from any part of the demised premises within thirty (30) days thereafter.

The terms and provisions of this lease shall be binding on and inure to the benefit of the parties, their heirs, legal representatives, successors and assigns.

Lessees shall not assign this lease to any person, firm or corporation without the prior written consent of Lessors.

It is understood and agreed that subject to the approval of the Internal Revenue Service, depletion allowance under the Internal Revenue Code shall be taken equally.

Lessees shall pay all proceeds of mines tax as required under the laws of the State of Nevada.

All notices may be served in person, or may be given by registered or certified mail, return receipt requested, postage prepaid, addressed to the party at the addresses given above, and payments may be made by Lessees' check mailed to Lessors' address given above, until Lessors shall notify the Lessees of a change of address.

1 IN WITNESS WHEREOF, the parties have executed this agreement at  
2 Panaca, Lincoln County, Nevada, the day and year first above writ-  
3 ten.

4 Gene McBride  
5 GENE McBRIDE

6 Grayce McBride  
7 GRAYCE McBRIDE

8 Carl F. Bacon  
9 CARL F. BACON

10 Ellamae Bacon  
11 ELLA MAE BACON

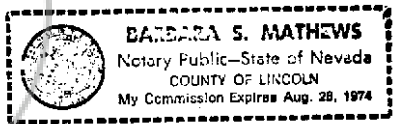
12 STATE OF NEVADA)

13 : ss

14 COUNTY OF LINCOLN)

15 On this 1 day of July, 1973, personally  
16 appeared before me, a Notary Public, GENE McBRIDE and GRAYCE Mc-  
17 BRIDE, Husband and Wife, and CARL F. BACON and ELLA MAE BACON, Hus-  
18 band and Wife, who acknowledged to me that they executed the fore-  
19 going instrument.

20 Barbara S. Mathews  
21 Notary Public



22 No. 53097  
23 FILED AND RECORDED AT REQUEST OF  
24 CARL F. BACON  
25 JULY 10, 1973  
26 AT 40 MINUTES PAST 3 O'CLOCK  
27 P.M. IN BOOK 7 OF OFFICIAL  
28 RECORDS, PAGE 559-564 LINCOLN  
29 COUNTY, NEVADA.  
30 Barbara S. Mathews  
31 COUNTY RECORDER

32 RAYMOND FREE  
Attorney at Law  
P. O. Box 218  
Pioche, Nevada  
89043  
Phone 962-5220