

M. M. and S. Exploration Company)
)
)
 and) AGREEMENT
)
)
 Phillips Petroleum Company)

A G R E E M E N T

THIS AGREEMENT made and entered into on this 16th day of October, 1963, by and between M.M. AND S. EXPLORATION COMPANY, a Nevada corporation, whose address is 222 Park Street, Carson City, Nevada, (hereinafter sometimes called "Company") and PHILLIPS PETROLEUM COMPANY, a Delaware corporation, with offices in Bartlesville, Oklahoma (hereinafter sometimes called "Phillips"),

W I T N E S S E T H:

Company represents and warrants that it is the owner of the full one hundred percent (100%) interest in and to the following described unpatented lode mining claims located in Section 6, Township 35 North, Range 51 East and Sections 31 and 32, Township 36 North, Range 51 East, Eureka County, Nevada.

Recorded in the Records
of Eureka County, Nevada

<u>Name of Claim</u>	<u>Name of Locator</u>	<u>Date of Location</u>	<u>in Book</u>	<u>at Page</u>
Fine Gold #1	Sterling McKnight	9-11-63		138
Fine Gold #2	Sterling McKnight	9-11-63		139
Fine Gold #3	Sterling McKnight	9-11-63		139
Fine Gold #4	Sterling McKnight	9-11-63		140
Fine Gold #5	Sterling McKnight	9-11-63		140
File Gold #6	Sterling McKnight	9-11-63		141
Fine Gold #7	Sterling McKnight	9-11-63		141
Fine Gold #8	Sterling McKnight	9-11-63		142
Fine Gold #9	Sterling McKnight	9-11-63		142
Fine Gold #10	Sterling McKnight	9-11-63		143
Fine Gold #11	Sterling McKnight	9-11-63		143
Fine Gold #12	Sterling McKnight	9-11-63		144

Company further represents and warrants that the above-described mining claims are valid and subsisting lode mining claims, that they are not burdened with the payment of any royalty, overriding royalty, or other payments and that there are no conflicting or adverse claims to the right to mine the minerals and/or ores found upon or within said mining claims.

Phillips is desirous of acquiring the right to prospect, develop and mine the above-described mining claims and the right to acquire a full interest in said mining claims and Company is agreeable to granting said rights to Phillips upon the terms and conditions and for the consideration hereinafter set forth.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid by Phillips to First Party the receipt and sufficiency of which is hereby acknowledged and in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Company hereby grants exclusively unto Phillips for a period of thirty days (30) from the date of this Agreement the sole and exclusive right at any time and from time to time to enter upon all or any portion or portions of the above-described mining claims for the purposes of investigating for, prospecting for, exploring for, and developing any and all minerals of whatsoever kind which may be subject to the mining laws of the United States together with the right to use so much of the surface of said mining claims as may be reasonably necessary to perform said operations.

2. Phillips agrees that it will expend One Thousand Dollars (\$1,000.00) on trenching and sampling on the above-described claims during the thirty-day period referred to in Paragraph 1. above.

3. In the event Phillips shall expend One Thousand Dollars (\$1,000.00) on trenching and sampling on the above-described mining claims within the aforesaid thirty-day period, Phillips shall thereupon have the right and option during the remainder of the thirty-day term of this agreement to acquire and receive from Company a mining deed in the form of the instrument attached hereto as Exhibit A and by this reference made a part hereof conveying unto Phillips all of the above-described mining claims. Phillips may exercise said option at any time within thirty (30) days of the date of this Agreement by mailing notice of the exercise of said option to Company at the address hereinabove stated and enclosing with said notice a check or draft payable to Company in the amount of \$200.00. Company shall within five (5) days after receipt of such notice and \$200.00 payment make, execute, acknowledge and deliver to Phillips the mining deed in the form of the instrument attached hereto as Exhibit A, covering all of the above-described mining claims. Notice of exercise of said option shall be deemed given when deposited in the United States Mail addressed to Company at the address hereinabove given with postage prepaid.

4. Except as herein specifically provided Phillips shall have no duty whatsoever express or implied to investigate, prospect, explore or develop all or any portion of the above-described mining claims.

5. In the event either Company or Phillips or both should locate one or more mining claims within the exterior boundaries of Section 6, Township 35 North, Range 51 East, all such mining claims so located shall become subject to the terms and provisions of this Agreement without increasing any obligation of Phillips and without the payment of any additional consideration. The party locating any such claims shall notify the other party immediately after the claims have been located on the ground.

THIS AGREEMENT shall be binding upon the parties hereto and their respective assigns, legal representative, and their successors in interest.

EXECUTED and delivered as of the day and year first above-written.

ATTEST: (CORPORATE SEAL AFFIXED) M. M. AND S. EXPLORATION COMPANY
Velma McKnight By) Sterling G. McKnight

ATTEST: (CORPORATE SEAL AFFIXED)
Harvey W. Thompson By B. F. Stradley
Assistant Secretary Vice President

ACKNOWLEDGEMENTS

STATE OF NEVADA)
) SS
COUNTY OF ELKO)

On this 16th day of October, A.D., 1963, personally appeared before me Jetta S. Brunson, a notary public in and for Elko County, STIRLING G. MCKNIGHT, known to me to be the President executing the same on behalf of M.M. AND S. EXPLORATION COMPANY, and upon oath, ded depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Elko, Nevada, the day and year in this certificate first above written.

(NOTARIAL SEAL AFFIXED) Jetta S. Brunson
My Commission Expires: Notary Public in and for the County of
April 13, 1967 Elko, State of Nevada

STATE OF OKLAHOMA)
) SS
COUNTY OF WASHINGTON)

On this 25th day of October, A.D., 1963, personally appeared before me Alice Cardenas, a notary public in and for Washington County, B. F. Stradley, known to me to be the Vice President executing the same on behalf of PHILLIPS PETROLEUM COMPANY, and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Washington, the day and year in this certificate first above written.

(NOTARIAL SEAL AFFIXED)

My Commission Expires October 1, 1967.

Alice Cardenas
 Notary Public in and for the County of
 Washington, State of Oklahoma

EXHIBIT "A"

Attached to and made a part of that certain
 Agreement dated Oct. 16, 1963,
 By and between M.M. AND S. EXPLORATION COMPANY
 And PHILLIPS PETROLEUM COMPANY

MINING DEED

THIS INDENTURE, made this 16th day of Oct. 1963, by and between M. M. AND S. EXPLORATION COMPANY, a Nevada corporation, whose address is 222 Park Street, Carson City, Nevada, hereinafter called "Grantor", and PHILLIPS PETROLEUM COMPANY, a Delaware corporation with operating offices in Bartlesville, Oklahoma, hereinafter called "Grantee",

W I T N E S S E T H:

1. Grantor in consideration of the sum of Two Hundred Dollars (\$200.00), paid to it as advance royalty, the receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements of the Grantee herein contained, hereby grants, sell, bargains and conveys unto Grantee and its successors and assigns, all of its right, title and interest in and to the following described unpatented lode mining claims situated in Section 6, Township 35 North, Range 51 East and Sections 31 and 32, Township 36 North, Range 51 East, Eureka County, Nevada, to wit:

<u>Name of Claim</u>	<u>Name of Locator</u>	<u>Date of Location</u>	<u>Recorded in the Records of Eureka County, Nevada in Book</u>	<u>at Page</u>
Fine Gold #1	Sterling McKnight	9-11-63		138
Fine Gold #2	Sterling McKnight	9-11-63		139
Fine Gold #3	Sterling McKnight	9-11-63		139
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Fine Gold #11	Sterling McKnight	9-11-63		143
Fine Gold #12	Sterling McKnight	9-11-63		144

To have and to hold the same together with all and singular the minerals, lodes and veins within the lines of the above-described claims and all dips and spurs, privileges and appurtenances thereunto appertaining or in any wise belonging and all improvements of whatsoever kind situated thereon.

Grantor represents and warrants that the interest hereby conveyed in and to the aforementioned mining claims is a full one hundred percent (100%) interest and that it is free and clear from adverse claims of any kind caused, created or suffered by Grantor or by its authority, and Grantor agrees that it will defend said interest against all persons or parties claiming by, through or under it. In the event of failure of Grantor to so defend said title either through neglect or otherwise, Grantee shall have the right to conduct such defense and the expense of such proceeding or proceedings shall be deductible from the advance royalties and/or the royalties payable to Grantor hereunder.

2. Grantee agrees to pay to Grantor, on all ores and minerals mined, shipped and sold from the above-described mining claims, royalties representing six percent (6%) of the "net mill or smelter or mint returns" as herein below defined.

As to ores and minerals sold in their as-mined and unprocessed state, the term "net mill or smelter or mint returns" as used herein shall mean the amount received from such purchaser for the ore or minerals sold (i.e., the value thereof less all smelter, mill or mint treatment, refining, and handling charges including assays and sampling charges and any penalties and any transportation charges). Where such ores or minerals are sold other than f.o.b. said mining claims, in the computation of royalties there shall be deducted from the amount received from the purchaser the costs of transportation of such ores or minerals from the said mining claims to the point of sale, to the extent that such transportation costs shall not have been paid by the purchaser and deducted in the purchaser's settlement.

When the ores or minerals are not sold in their as-mined and unprocessed state but are reduced and refined and the so produced concentrates or minerals are sold, the term "net mill, smelter, or mint returns" as used herein shall mean an amount representing the amount received from such purchaser for the concentrates or minerals so sold (i.e., the value thereof less all smelter, mill or mint treatment, refining, and handling charges including assays

and sampling charges and any penalties and any transportation charges) less an amount representing the costs of reducing and refining the ores prior to such sale of concentrates or minerals produced therefrom and the costs of transporting the ore from the place where mined to the mill or plant where so reduced or refined. Where such concentrates or minerals are sold other than f.o. b. the mill or plant where so reduced or refined, in the computation of royalties there shall also be deducted from the amount received from the purchaser the costs of transportation of such concentrates or minerals from said mill or plant to the extent that such transportation costs shall not have been paid by the purchaser and deducted in the purchaser's settlement.

An amount due and payable to Grantor on any shipment of ores, concentrates or minerals sold hereunder shall be paid by Grantee to Grantor on or before the fifteenth (15th) day of the month next succeeding the calendar month during which Grantee shall have received payment for such shipment.

3. Grantee agrees to pay monthly to Grantor as an advance royalty the sum of Two Hundred Dollars (\$200.00) each month this deed is in effect. Each said monthly advance royalty payment shall be due and payable on or before the 16th day of each month while this deed is in effect; provided, however, that any advance royalties paid to Grantor (including the \$200.00 paid to Grantor on the date hereof) shall apply toward or be credited on any actual royalties payable or to become payable as provided in Paragraph 2. above. If the advance royalty payments exceed the actual royalties payable, the excess of such advance royalty payments shall be carried over as a credit to the Grantee and may be applied by the Grantee toward future royalties payable in accordance with said Paragraph 2. It is understood that it shall be optional with Grantee to make any one of said advance royalty payments although Grantee shall have paid the sum or sums previously due, provided, Grantee shall have prior to the time it is required to pay such advance royalty relinquished or abandoned the above-described claims as provided in Paragraph 10. below.

4. In the event of overpayment of advance royalties or royalties hereunder, Grantee shall have the right to withhold payment of future advance royalties and royalties accruing hereunder until Grantee has been reimbursed for such overpayment, and such right shall be in addition to all other rights or remedies which Grantee may have to collect such overpayment.

5. In the event of adverse claim or claims of title affecting either or both the advance royalty interest or the royalty interest reserved hereunder to Grantor and/or any of the mining claims covered hereby from which any ores or minerals are mined and sold, Grantee may withhold payment of all advance royalties and all royalties payable hereunder without any obligation to pay interest on the amount or amounts so withheld until such adverse claim or claims shall be judicially or otherwise fully settled or determined.

6. Without impairment of Grantee's rights under the warranty, if it should ever be determined that the Grantor herein owned less than the entire interest and right in and to the aforementioned mining claims on the date of this conveyance, all of the amounts payable hereunder to Grantor shall be reduced proportionately.

7. No conveyance or assignment by Grantor of all or any part of either or both of its advance royalty interest or the royalty interest reserved hereunder shall be binding upon the Grantee nor will Grantee be charged with notice of any such assignment or conveyance until Grantee shall have been furnished with written notice thereof at its Minerals Division office in Bartlesville, Oklahoma, with the original certified or photostatic copy of the instrument of conveyance or assignment. No conveyance or assignment by Grantor, of all or any part of either or both of its interest in and to the advance royalty interest or the royalty interest reserved hereunder shall in any way enlarge the right or increase the obligation of Grantee hereunder.

8. All of the amounts of money payable as advance royalty or as royalty hereunder shall, at the option of Grantee, be paid directly to Grantor at the address hereinabove given or paid to its credit at the _____ Bank, at _____.

Grantee agrees that it will, at the time of payment of the amounts payable as royalty pursuant to Paragraph 2. above, furnish the Grantor or deposit with the depository bank hereinabove named, duplicate copies of all mill receipts or settlement sheets for the shipment of ores, concentrates or minerals as to which such royalty payment is made.

9. It is understood and agreed that Grantor shall pay the same fractional part of any production or severance taxes that may be assessed or levied upon the production of ores or minerals from the above-described mining claims as the fractional interest it is entitled to receive in the returns from such production as provided in Paragraph 2. above. Grantor further agrees to pay the State and County ad valorem taxes that may be assessed on its royalty interest in the above-described mining claims and in the event such assessment is included in the assessment against Grantee, Grantor agrees to reimburse Grantee for its proportionate share thereof upon receipt of billing from Grantee.

10. Grantee agrees that it will expend upon or for the benefit of each of the above-described mining claims the sum of One Hundred Dollars (\$100.00) during the assessment year commencing at 12:00 noon, September 1, 1963, and ending 12:00 noon, September 1, 1964, and during each assessment year thereafter prior to the time Grantee shall have received a patent to such claims, which expenditure or expenditures shall be of such a nature as may reasonably and in good faith be expected to satisfy the assessment work requirement for each said claim under the mining laws of the United States. Provided, however, Grantee may be relieved of the obligation to expend money in connection with the performance of such annual assessment work as to any one or more of said claims by giving notice to Grantor at least sixty (60) days prior to the end of any such assessment year of Grantee's intention to relinquish or abandon said claim or claims. Grantor shall have five (5) days after receipt of of said notice within which to notify Grantee in writing whether Grantor elects to take a reconveyance of the claim or claims set out in Grantee's notice. In the event Grantor shall elect to take a reconveyance of any such claim or claims, Grantee shall immediately reconvey said claim or claims to Grantor without warranty of title, either express or implied. Upon the giving of such notice to Grantor, Grantee shall be relieved of the obligation to perform the assessment work for the then current and all subsequent assessment years on or for the benefit of the claim or claims set out in its said notice whether or not Grantor shall elect to take a reconveyance of the same.

11. Except as herein specifically provided, Grantee shall have no duty whatsoever, express or implied, to explore, develop or mine all or any portion of the aforesaid mining claims.

12. Should either Grantor or Grantee hereafter and while this deed is in effect locate any mining claim or claims which are located within the exterior boundaries of Section 6, Township 35 North, Range 51 East, Eureka County, Nevada, such mining claims shall be subject to the terms hereof without increasing the obligations of Grantee.

13. Should Grantee at any time desire to make application for the issuance of United States patent for any of the above-described mining claims, then Grantor agrees that it will upon written request of and at the sole expense of the Grantee, join in such application with Grantee and sign any and all other instruments or formalities that may be necessary for Grantor to execute so that the patent or patents will issue to Grantee.

EXECUTED And delivered on the day and year first above written.

ATTEST: (CORPORATE SEAL AFFIXED)

M. M. AND S. EXPLORATION COMPANY

Velma McKnight

By Stirling G. McKnight
(GRANTOR)

STATE OF NEVADA)
) SS
COUNTY OF ELKO)

On this 16th day of October, A.D., 1963, personally appeared before me Jetta S. Brunson, a notary public in and for Elko County, STIRLING G. MCKNIGHT, known to me to be the President executing the same on behalf of M.M. AND S. EXPLORATION COMPANY, and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Elko, State of Nevada, the day and year in this certificate first above written.

(NOTARIAL SEAL AFFIXED)

Jetta S. Brunson
Notary Public in and for the County of Elko, State of Nevada

My commission expires: April 13, 1967.

Recorded at the request of Phillips Petroleum Company November 8, A.D., 1963 At 45 minutes past 10 A. M.

Willis A. DePaoli - Recorder.