

Return to:

Right-of-Way Department
Sierra Pacific Power Co.
P. O. Box 10100
Reno, Nevada 89520

107798

ASSIGNMENT
AND
AGREEMENT FOR MAINTENANCE OF UNDERBUILD

THIS ASSIGNMENT and AGREEMENT is entered into effective as of the 27th day of August, 1986, by and between SIERRA PACIFIC POWER COMPANY, a Nevada corporation (hereinafter referred to as "Sierra Pacific"), and WESTERN STATES MINERALS-JV1, a joint venture between Western States Minerals Corporation, a Utah corporation, and PanCana Minerals, Inc., a Colorado corporation (hereinafter referred to as "Western States").

WITNESSETH:

WHEREAS, Western States owns and operates the Goldstrike Mine located in Eureka County, Nevada; and

WHEREAS, in order to provide necessary electrical service to the Goldstrike Mine, Western States and Sierra Pacific entered into the certain Line Extension Agreement dated August 27, 1986 (the "Line Extension Agreement"); and

WHEREAS, Western States has constructed approximately 3.4 miles of powerline to carry three-phase alternating current, 60 hertz electrical service supplied or to be supplied by Sierra Pacific at a nominal voltage of 66 kV and a maximum capacity of 1,000 kVA to the Goldstrike Mine, being further described in the Line Extension Agreement and referred to therein and herein as "Applicant's Line"; and

WHEREAS, Western States now wishes to transfer ownership of Applicant's Line and the easements upon which it is located to Sierra Pacific, and the parties wish to make arrangements for the maintenance of Applicant's Line and certain associated facilities;

NOW THEREFORE, in consideration of the covenants and agreements herein set forth, and pursuant to the Line Extension Agreement, the parties hereto agree as follows:

1. Assignment of Easements. Western States hereby grants and gives to Sierra Pacific all of Western States' right, title and interest in and to the following easements heretofore granted to Western States:

1. Right of Way Easement dated June 27, 1986, by SFP Minerals Corporation unto Western States Minerals-JV1,

900K 155 PAGE 487

recorded in Eureka County, Nevada in the records of the Eureka County Recorder's Office at Book 148, Pages 46-49, inclusive;

ii. Grant of Easement, dated June 1, 1986, from Newmont Gold Company, Elko Land and Livestock Company, Newmont Exploration Limited and Snake River Cattle Trucking Company to Western States Minerals-JV1 (hereinafter referred to as the "Carlin Group Easement"), recorded in Eureka County, Nevada in the records of the Eureka County Recorder's Office at Book 148, Pages 39-45, inclusive; and

iii. Right-of-Way Grant N-39444, dated March 11, 1986, as corrected August 15, 1986, from Bureau of Land Management, United States Department of the Interior to Western States Minerals-JV1 (unrecorded);

reserving unto Western States, its successors and assigns, the right and option, upon written request made by Western States, or its successor(s) or assign(s) as the case may be, to Sierra Pacific, to require Sierra Pacific to relocate Applicant's Line, or any portion(s) thereof, at any time and from time to time, all at the sole cost and expense of Western States, or its successor(s) or assign(s) as the case may be; provided, however, that Western States, or its successor(s) or assign(s) as the case may be, shall furnish cost-free to Sierra Pacific in each instance all necessary easements and rights-of-way for any such requested relocation(s).

Subject to the foregoing reservation the same as if restated herein, Western States, for itself, its co-venturers, its and their successors and assigns, covenants not to object to and hereby grants to Sierra Pacific, to the fullest extent of its mineral leasehold interest and mining claim ownership interests which may lie therein and not otherwise, an easement over the lands described in Exhibit A attached hereto and made a part hereof by this reference to construct, erect, alter, improve, repair, operate, and maintain electric transmission and distribution lines together with necessary guys and anchors, supporting structures, insulators and crossarms, and other reasonably necessary appurtenances connected therewith.

With respect to the above-described Carlin Group Easement, dated June 1, 1986, which provides at Section 5 therein that Grantee shall be responsible for dismantling, removing, and reconstructing Applicant's Line in respect of a first relocation requested by Grantors, Western States agrees that the costs of such first relocation shall be borne by Western States and not by Sierra Pacific.

2. Transfer of Applicant's Line. Subject to the provisions of the Line Extension Agreement and the provisions of Section 3 below, Western States hereby transfers to Sierra Pacific the ownership interest in and to Applicant's Line, free and clear of any liens or other encumbrances. All warranties and other guarantees with regard to Applicant's Line which are set forth in the Line Extension Agreement shall be and remain in effect.

Sierra Pacific agrees to operate and maintain Applicant's Line in accordance with Sierra Pacific's standards, all at Sierra Pacific's cost and expense, for so long as the Line Extension Agreement remains in full force and effect.

3. Underbuild. Western States has constructed or is constructing a 4,468 foot, 4.16 kV distribution line which is attached or will attach to poles in Applicant's Line at points T-1 through T-16, inclusive, as shown on Power Engineer Incorporated's Drawing No. 1 (Revision B), dated June 26, 1986, a copy of which is attached hereto as Exhibit B and incorporated herein by this reference. Said line and appurtenant equipment (the "Underbuild Line") is to be used to serve portions of Applicant's load located adjacent to the easement underlying Applicant's Line.

Western States hereby reserves unto itself, its successors and assigns, a perpetual, cost-free license to attach the Underbuild Line to Applicant's Line for use in serving Applicant's load adjacent to the easement underlying Applicant's Line; provided, however, that once the Underbuild Line is first energized, all operation and maintenance on the Underbuild Line thereafter shall be performed exclusively by Sierra Pacific. Sierra Pacific agrees to maintain the Underbuild Line in accordance with Sierra Pacific's standards. All necessary repairs and replacements shall be at Western States' sole cost and expense for so long as the Line Extension Agreement remains in full force and effect. Sierra Pacific will bill Western States for Sierra Pacific's actual costs of any reasonable and necessary operation and maintenance performed on the Underbuild Line by Sierra Pacific. Western States will pay all such bills within thirty (30) days of receipt.

The parties agree that all maintenance will be performed exclusively by Sierra Pacific. At no time shall Western States, its employees or agents, perform any maintenance upon the Underbuild Line.

Western States agrees to contact and coordinate with

Sierra Pacific's Battle Mountain District office the operation of any diesel generators connected into Western States' electrical system.

Upon termination of the Line Extension Agreement, Sierra Pacific may remove the Underbuild Line and return all equipment and materials to Western States. All costs incurred by Sierra Pacific in such removal shall be borne by Western States.

Western States further agrees to indemnify and hold harmless Sierra Pacific, its officers, agents and employees of and from any and all claims, suits, or liability of any kind arising in any way from Western States' ownership of the Underbuild Line.

4. Effect. The terms, conditions, warranties, covenants and agreements hereof shall run with the land and shall not be assigned or otherwise transferred from the ownership or leasehold interests, as the case may be, in the surface and mineral lands and/or mining claims which are intended to be burdened or benefited thereby.

5. Notice. Any notice, demand or request required or authorized by this Assignment and Agreement to be given to either party shall be in writing and directed to the principal place of business of such party at the addresses stated below in any manner which includes a written receipt of notice by the receiving party. The designated addresses may be changed at any time by similar notice.

If to Sierra Pacific: Sierra Pacific Power Company
Attn: Manager - Right of Way
Department
P. O. Box 10100
Reno, Nevada 89520
Telephone: (702) 689-4602

If to Applicant: Western States Minerals-JV1
Attn: Mr. John Danio
4975 Van Gordon Street
Wheat Ridge, Colorado 80033
Telephone: (303) 425-7042

All notices shall be effective and shall be deemed delivered (i) if by personal delivery on the date of delivery, or (ii) if solely by mail then three (3) business days following deposit in the United States mail as above.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Agreement effective as of the day and year first above written.

SIERRA PACIFIC POWER COMPANY

By Jack L. Byron
Title: V.P. ENGINEERING

WESTERN STATES MINERALS-JV1

By: Western States Minerals
Corporation

By Arden B. Moore
Title: Pres. & Gen. Mgr.

By: PanCana Minerals, Inc.

By [Signature]
Title: Vice-President, Finance

STATE OF NEVADA)
COUNTY OF Washoe) ss.

The foregoing instrument was acknowledged before me
this 16th day of March, 1987, ~~1986~~, by Jack L. Byron
Vice President ~~an~~ Engineer of Sierra Pacific Power
Company, a Nevada corporation.

Witness my hand and official seal.

My commission expires: November 3, 1990



J. R. Harding
Notary Public

STATE OF COLORADO)
COUNTY OF JEFFERSON) ss.

The foregoing instrument was acknowledged before me
this 18th day of DECEMBER, 1986, by Arden B.
MORROW as PRESIDENT of Western States
Minerals Corporation, a Utah corporation.

Witness my hand and official seal.

My commission expires: 3 - 7 - 88

John F. Carmody
Notary Public

AL
Affixed

PROVINCE OF ALBERTA)
JUDICIAL DISTRICT OF CALGARY) ss.

The foregoing instrument was acknowledged before me
this 5 day of January, 1987, by John G.
Schroeder as Vice-President, Finance of PanCana Minerals,
Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires at Her Majesty's pleasure.

M.A. Quinn
Notary Public

Student - At - Law

SEAL
Affixed

BOOK 155 PAGE 493

EXHIBIT A
to
ASSIGNMENT AND AGREEMENT FOR MAINTENANCE OF UNDERBUILD
between Western States Minerals-JV1 and Sierra Pacific Power Company
dated August 27, 1986.

All that portion of the following described easement lying within
the boundary lines of the lands herein:

An easement forty (40) feet in width, lying twenty (20) feet
on each side of the following described center line:

Commencing at the point of beginning, from which Point A
(defined below) bears South 03° 49' 00" West for a distance of
2,914.78 feet; thence North 89° 58' 00" West for a distance of
2,474.06 feet; thence North 45° 17' 00" West for a distance of
1,918.50 feet; thence North 63° 19' 00" West for a distance of
13,713.21 feet to the end point, from which end point to the
Northwest Corner of Section 22, Township 36 North, Range 49 East
M.D.B.&M. bears North 49° 40' 00" West for distance of 78.59 feet.
For the purposes hereof, Point A is defined as that certain
brasscap placed by Mark Chilton, Nevada Registered Land Surveyor
#1404, 11.25 feet North 00° 04' 09" East of the certain Southwest
Corner of Section 30, Township 36 North, Range 50 East M.D.B.&M.
disclosed by the Record of Survey No. 2, filed in the records of
the County Recorder of Elko County, Nevada on September 16, 1970
as File No. 54489.

BOOK 155 PAGE 494

OFFICIAL RECORDS
ELKO COUNTY, NEVADA
REGISTERED
FILE NO. 1077298
RE # 1200

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RECORDED AT REQUEST OF
Sierra Pacific Power Co.
BOOK 155 PAGE 494