

RECORDER'S MEMO: LEGIBILITY
OF WRITING, TYPING OR PRINTING
UNSATISFACTORY IN THIS
DOCUMENT WHEN RECEIVED.

29-196-0025
RECORDED AT THE REQUEST OF
AND RETURN TO:
Santa Fe Pacific Mining, Inc.
ATTN: Lease Records
Box 27019
Albuquerque, NM 87125

152929

MEMORANDUM OF EXPLORATION AGREEMENT
AND DEVELOPMENT OPTION

HOSPAL COAL COMPANY, a Delaware corporation ("Owner") and SANTA FE
PACIFIC MINING, INC. ("SFPMI"), are parties to that certain EXPLORATION
AGREEMENT AND DEVELOPMENT OPTION (the "Agreement") dated effective June
30, 1993.

Pursuant to the Agreement, owner has granted to SFPMI the exclusive use of
whatever rights Owner may have to conduct exploration activities on the certain real
property described on Exhibits A and B attached hereto (the "Property") and the right to
develop commercially reasonable amounts of minerals which SFPMI has discovered as a
result of its exploration activities on the Property, upon and subject to all the terms and
conditions of the Agreement which are incorporated herein by this reference, for a primary
term of 15 years (unless sooner terminated or surrendered in accordance with the provisions
therein), subject to a renewal of the Agreement at the election of SFPMI for an additional
period of 15 years.

This Memorandum of Exploration Agreement and Development Option is executed
and recorded pursuant to the terms of the Agreement for the purpose of affording notice
of the existence of the Agreement and the terms and provisions thereof, which terms and
provisions are incorporated herein by this reference for all purposes.

A copy of the Agreement is on file with SFPMI at the following address: 6200
Uptown Blvd., N.E., Suite 400, Albuquerque, New Mexico 87110.

Dated: October 12, 1993.

OWNER:

HOSPAL COAL COMPANY

By: *W. K. Hagan*

Title: Vice President

BOOK 269 PAGE 498

BK 400 Pg 279

SFPMI:

SANTA FE PACIFIC MINING, INC.

By: *[Signature]*

Title: Vice President

6/24

STATE OF NEW MEXICO)
) ss.)
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this 12th day of October, 1993, by D. K. Hogan, Vice President of HOSPAH COAL COMPANY, a Delaware corporation, on behalf of said corporation.



OFFICIAL SEAL
LAURIE L. CARPENTER
NOTARY PUBLIC - STATE OF NEW MEXICO
Notary Band Filed With Secretary of State
My Commission Expires 6-21-97

Laurie L. Carpenter
Notary Public

My commission expires:

June 21, 1997

STATE OF NEW MEXICO)
) ss.)
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this 12th day of October, 1993, by K. Sagester, Vice President of SANTA FE PACIFIC MINING, INC., a Delaware corporation, on behalf of said corporation.



OFFICIAL SEAL
LAURIE L. CARPENTER
NOTARY PUBLIC - STATE OF NEW MEXICO
Notary Band Filed With Secretary of State
My Commission Expires 6-21-97

Laurie L. Carpenter
Notary Public

My commission expires:

June 21, 1997

Gold Real Property

1. Grant, Bargain and Sale Deed dated July 17, 1991 by and between Marshall S. Aschcraft and Gold Fields Mining Corporation which is recorded in Book 547, Pages 343-348 in the Official Records of Lander County, covering the following:

Parcel 1

All coal, oil, gas and other minerals of every kind and nature whatsoever lying in and under the following land:

Township 32 North, Range 47 East, M.D.B. & M.

Section 33: NW/4

Parcel 2

All coal, oil, gas and other minerals of every kind and nature whatsoever lying in and under the following land:

Township 31 North, Range 47 East, M.D.B. & M.

Section 5: All

Township 32 North, Range 47 East, M.D.B. & M.

Section 33: SW/4

1. EXCEPTING from Parcel 2, all petroleum, oil, natural gas and products derived therefrom, lying in and under said land as reserved by Southern Pacific Company in Deed recorded November 12, 1965 in Book 10 of Official Records at Page 100, Lander County, Nevada; and

11. FURTHER EXCEPTING from Parcels 1 and 2, all surface thereof; All the rights and interests in the Property including, but not limited to, the surface rights, retained by Ashcraft under that certain Warranty Deed by and between Marshall S. Ashcraft and Rose Lynn Ashcraft and the United States of America, dated September 23, 1974, recorded October 13, 1974 in Book 127, Page 540, as Document No. 78618 of Official Records, Lander County, Nevada; and

Subject to:
a. Any facts which a correct survey and inspection of the Granted Premises would disclose.

2. Deed dated June 12, 1991 by and between J. Allen Ginn, Jr. and Ann A. Ginn and Gold Fields Mining Company which is recorded in Book 359, Pages 400-411 in the Official Records of Lander County, covering the following:

Parcel 1
Township 31 North, Range 47 East, M.D.B. & M.

Section 1:	All	Parcel No. 8-620-04
Section 3:	All	Parcel No. 8-620-02
Section 9:	All	Parcel No. 8-620-06
Section 11:	All	Parcel No. 8-620-08

Township 32 North, Range 47 East, M.D.B. & M.
Section 33: SE/4 Parcel No. 8-480-32

Parcel 2

Section 13:	All	Parcel No. 8-620-13
Section 15:	All	Parcel No. 8-620-11

PARCEL 3

Township 32 North, Range 47 East, M.D.B. & M.
Section 33: NE/4 Parcel No. 8-480-32

1. EXCEPTING FROM Parcels 1 and 2 all petroleum, oil, natural gas, and products derived therefrom as reserved by SOUTHERN PACIFIC COMPANY in deed recorded November 12, 1965 in Book 10 of Official Records at Page 100 Lander County, Nevada;

Subject to:

- a. Production royalty set forth in a Royalty Agreement dated June 12, 1991 by and between J. Allen Ginn, Jr. and Ann A. Ginn and Gold Fields Mining Company, a Memorandum of which is recorded in Book 359, Pages 438-443 in the Official Records of Lander County; and

- b. Any facts which a correct survey and inspection of the Granted Premises would disclose.

Unpatented Mining Claims Staked

Those unpatented mining claims located in Sections 2, 4, 8, 10, 12 and 14, Township 31 North, Range 47 East; Sections 2, 4, 6, 8, 10 and 18, Township 31 North, Range 48 East; Sections 26, 32, 34 and 36, Township 32 North, Range 47 East and Sections 32 and 34, Township 32 North, Range 48 East, more fully described below:

Certificate of Location and Last Amended
Certificate of Location Recorded in
Official Records of Lander and Eureka
Counties, Nevada

Name of Claim	BLM Serial No.	Book Page (Original)	Book Page (Amended)	County
MULE 1-10	381321-381330	274	44-63	Lander
MULE 11-18	381331-381338	274	64-79	Lander
MULE 19-28	381339-381348	274	80-99	Lander
MULE 29-36	381349-381356	274	100-115	Lander
MULE 101-104	381357-381360	274	116-123	Lander
MULE 105-136	381361-381392	274	124-187	Lander
MULE 201-224	381393-381416	274	188-235	Lander
MULE 301-336	381417-381452	274	236-307	Lander
MULE 401-436	525085-525120	323	382-453	Lander
FEE 12A	624368	358	445-446	Lander
FEE 14A	624369	358	447-448	Lander
FEE 16A	624370	358	449-450	Lander
FEE 18A	624371	358	451-452	Lander
FEE 20A	624372	358	453-454	Lander
ELK 1-36	525121-525156	323	455-526	Lander
ELK 101-136	384311-384346	276	73-144	Lander
SOO 1-2	568475-568476	335	383-386	Lander
SOO 3	568477	335	387-388	Lander
SOO 4	568478	335	389-390	Lander
SPRINT 1-2	601082-601083	347	42-47	Lander
DONK 1-36	613855-613890	354	244-315	Lander

Certificate of Location and Last Amended
Certificate of Location Recorded in
Official Records of Lander and Eureka
Counties, Nevada

(Original) Book Page
(Amended) Book Page
County

RAM 1-36	613891-613926	354	609-680	Lander
FALCON 1-19	633643-633661	362	637-674	Lander
FALCON 20	633662	362	675-676	Lander
FALCON 21	633663	362	677-678	Eureka
FALCON 22	633664	362	679-680	Lander
FALCON 23	633665	362	681-682	Lander
FALCON 24	633666	362	683-684	Lander
FALCON 25	633667	362	76-77	Eureka
FALCON 26	633668	362	687-688	Lander
FALCON 27	633669	362	78-79	Lander
FALCON 28	633670	362	689-690	Eureka
FALCON 29	633671	362	691-692	Lander
FALCON 30	633672	362	80-81	Lander
FALCON 31	633673	362	693-694	Eureka
FALCON 32	633674	362	695-696	Lander
FALCON 33	633675	362	82-83	Lander
FALCON 34	633676	362	84-85	Eureka
FALCON 35	633677	362	701-702	Lander
FALCON 36	633678	362	703-704	Lander
FALCON 37-72	633679-633714	227	86-87	Lander
FALCON 73	633715	227	705-706	Eureka
FALCON 74	633716	227	707-708	Lander
FALCON 75	633717	227	709-710	Eureka
FALCON 76	633718	362	162-163	Lander
FALCON 77	633719	227	90-161	Eureka
FALCON 78	633720	362	164-165	Lander
FALCON 79	633721	227	166-167	Eureka
FALCON 80	633722	227	168-169	Lander
FALCON 81	633723	227	170-171	Eureka
FALCON 82	633724	362	172-173	Lander
FALCON 83	633725	227	713-714	Eureka
FALCON 84	633726	362	174-175	Lander
FALCON 85	633727	227	176-177	Eureka
		227	717-718	Lander
		227	178-179	Eureka
		227	180-181	Lander
		227	182-183	Eureka
		362	719-720	Lander
		227	184-185	Eureka
		227	186-187	Lander
		362	721-722	Eureka

Certificate of Location and Last Amended

Certificate of Location Recorded in

Official Records of Lander and Eureka

Counties, Nevada

(Original)

Book Page

(Amended)

County

Name of Claim

BLM Serial No.

Book Page

(Original)

Book Page

(Amended)

County

FALCON 86

633728

227 188-189

Eureka

FALCON 87

633729

227 190-191

Eureka

FALCON 88

633730

227 192-193

Eureka

FALCON 89

633731

227 194-195

Eureka

FALCON 90-104

633732-633746

227 196-225

Eureka

TTP 1-17

653038-653054

376 328-361

Lander

GO 1-18

642268-642285

231 565-600

Eureka

GO 19-36

642286-642303

232 01-36

Eureka

DEREK 1-16

642304-642319

231 533-564

Eureka

Subject to:

a. The paramount title of the United States of America;

b. Any multiple use rights of third parties as provided under applicable federal laws and regulations; and

c. Any facts which a correct survey and inspection of the

Granted Premises would disclose.

Unpatented Millsites Staked

Those unpatented millsites located in Sections 2, 10 and 14, Township 31 North, Range 47 East and Section 34, Township 32 North, Range 47 East, more fully described below:

Certificate of Location and Last Amended

Certificate of Location Recorded in

Official Records of Lander and Eureka

Counties, Nevada

(Amended)

Book Page

County

BLM Serial No.

Book Page

(Original)

Book Page

(Amended)

County

Name of Claim

MI 1-4

646556-646559

371 01-08

Lander

MI 5-16

646560-646571

371 09-32

Lander

MI 17-64

646572-646619

371 33-128

Lander

MI 65-96

645519-645550

370 384-415

Lander

MI 97-98

645551-645552

370 416-417

Lander

MI 99-100

645553-645554

370 418-419

Lander

MI 101-135

645555-645589

370 420-454

Lander

MI 136

645590

370 455

Lander

MI 137-179

645591-645633

370 456-498

Lander

MI 180

645634

370 499

Lander

MI 181-192

645635-645646

370 500-511

Lander

Certificate of Location and Last Amended
Certificate of Location Recorded in
Official Records of Lander and Eureka
Counties, Nevada

Name of Claim BLM Serial No. Book Page Book Page County

MI 193-196	646620-646623	371	130-137	392	420-427	Lander
MI 197-208	646624-646635	371	138-161	383	382-405	Lander
MI 209-212	646636-646639	371	162-169	392	428-435	Lander
MI 213-224	646640-646651	371	170-193	383	406-429	Lander
MI 225-228	646652-646655	371	194-201	392	436-443	Lander
MI 229-240	646656-646667	371	202-225	383	430-453	Lander
MI 241-245	646668-646672	371	226-235	392	444-453	Lander
MI 246-256	646673-646683	371	236-257	383	454-475	Lander
MI 257-263	646684-646690	371	258-271	392	454-467	Lander
MI 264-272	646691-646699	371	272-289	383	476-493	Lander
MI 273-283	646700-646710	371	290-311	392	468-489	Lander
MI 284-288	646711-646715	371	312-321	383	494-503	Lander
MI 289-318	646716-646745	371	322-381	392	490-549	Lander
MI 319	646746	371	382-382A	392	550-551	Lander
MI 320	646747	371	383-384	392	552-553	Lander
MI 322-323	645648-645649	370	513-514	393	90-93	Lander
MI 326-327	645652-645653	370	517-518	393	94-97	Lander
MI 330-331	645656-645657	370	521-522	393	98-101	Lander
MI 334-335	645660-645661	370	525-526	393	102-105	Lander
MI 337-343	647950-647956	372	266-279	392	554-567	Lander
MI 344-350	647957-647963	372	280-293	383	504-517	Lander
MI 351-358	647964-647971	372	294-309	392	568-583	Lander
MI 359-367	647972-647980	372	310-327	383	518-535	Lander
MI 368	647981	372	328-328A	383	536-537	Lander
MI 369	647982	372	329-330	392	584-585	Lander
MI 370	647983	372	330A-331	392	586-587	Lander
MI 371-376	647984-647989	372	332-343	392	588-599	Lander
MI 377-384	647990-647997	372	344-359	383	538-553	Lander
MI 385-392	647998-648005	372	360-375	392	600-615	Lander
MI 393-395	648006-648008	372	376-381	383	554-559	Lander
MI 396	648009	372	382-383	383	560-561	Lander
MI 397-400	648010-648013	372	384-391	383	562-569	Lander

Subject to:

- a. The paramount title of the United States of America;
- b. Any multiple use rights of third parties as provided under applicable federal laws and regulations; and
- c. Any facts which a correct survey and inspection of the Granted Premises would disclose.

Mining Claims Purchased by Grantor

1. Deed dated September 27, 1991 by and between A. T. Hampton and Gold Fields Mining Company, which is recorded in Book 363, Pages 193-196 the Official Records of Lander County, Nevada, covering unpatented claims located in Section 8, Township 31 North, Range 47 East, more fully described below:

Certificate of Location and Last Amended Certificate of Location Recorded in Official Records of Lander County, Nevada				(Original)		(Amended)	
Name of Claim		BLM Serial No.		Book Page		Book Page	
HY 1-12		222599-222610		205 568-579		346 139-174	
Lander							

Subject to:

- a. The paramount title of the United States of America;
- b. Any multiple use rights of third parties as provided under applicable federal laws and regulations; and
- c. Any facts which a correct survey and inspection of the Granted Premises would disclose.

A. Property Agreements

1. Royalty Agreement dated June 12, 1951, by and between J. Allen Ginn, Jr. and Ann A. Ginn and Gold Fields Mining Company, a Memorandum of which is recorded in Book 339, pages 435-443 in Official Records of Lander County.

Parcel 1

Township 31 North, Range 47 East, M.D.B. & M.

Section 1: All
Section 3: All
Section 9: All
Section 11: All

Township 32 North, Range 47 East, M.D.B. & M.

Section 33: SE/4

Parcel 2

Township 31 North, Range 47 East, M.D.B. & M.

Section 13: All
Section 15: All

Parcel 3

Township 32 North, Range 47 East, M.D.B. & M.

Section 33: NE/4

EXCEPTING FROM Parcels 1 and 2 all petroleum, oil, natural gas, and products derived therefrom as reserved by SOUTHERN PACIFIC COMPANY in deed recorded November 12, 1965 in Book 10 of Official Records at Page 100 Lander County, Nevada.

2. Grazing Lease dated June 1, 1992 by and between Teresa Sansinena, J. Allen Ginn, Jr., Ann A. Ginn and Gold Fields Mining Company, a Memorandum of which is recorded in Book 395, Pages 569-574 in Official Records of Lander County covering the following property:

Township 31 North, Range 47 East, M.D.B. & M.

Section 1: All
Section 3: All
Section 9: All
Section 11: All
Section 13: All
Section 15: All

Township 32 North, Range 47 East, M.D.B. & M.

Section 33: E/2

B. Easement

1. Letter Agreement dated February 21, 1989 by and between Paul and Teresa Sansinena and Gold Fields Mining Corporation for sale of water and use of a private road which traverses the south section line of Township 32 North, Range 48 East, Section 36 and the north section line of Township 31 North, Range 48 East, Section 1.

BOOK 269 PAGE 498
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Santa Fe Pacific Mining
94 JUN -7 P3:25

EUREKA COUNTY, NEVADA
M.N. REBATE ATT. RECORDED
FILE NO. 152929
BOOK 269 PAGE 508
186370
FEE \$ 17.00
-2-

OFFICIAL RECORDS
LANDER CO. NEV
RECORD REQUESTED BY
Santa Fe Pacific Mining Co.
93 OCT 18 PM 3:54
RAYE K. FAGG
RECORDER
FEE 17.00