60002474

Mining District File Summary Sheet

DISTRICT	Toropah - see back
DIST_NO	4840 - See back 2960 -
COUNTY If different from written on document	Nye - see back
TITLE If not obvious	Hughes Series
AUTHOR	Patterson, R; Gribbon, D; Stewart, D; Parks, A; Jarlsen A; Montague C; Butler F, Butler C; Robinson F; Stewart D; Morgan J; Simmons, W; Lionel S
DATE OF DOC(S)	1974-1975
MULTI_DIST (Y) / N? Additional Dist_Nos:	See back
QUAD_NAME	See back
P_M_C_NAME (mine, claim & company names)	Summa Corp.; Bird Claims; California Claim Toropah - Belmont Development Co.; Golden Anchor; Hughes Tool Co.; Union Oil Co.; Triplet; Sand Grass See back
COMMODITY If not obvious	
NOTES	Correspondence; legal papers NOTE: Scan Folder front 65p.

Keep docs at about 250 pages if no oversized maps attached
(for every 1 oversized page (>11x17) with text reduce
the amount of pages by ~25)

SS: DD 12/22/08 (Initials / Date)

DB: _____ (Initials / Date)

SCANNED: MT 1.12.10 (Initials / Date)

Revised: 1/22/08

District	District no.	ID	Quad	County	PMC
Lexington	2800	60002475	Garrison 15'	White Pine	Summa Corp. Bonanza Bonanza No. 1
Manhatten	2960	60002476 6	Manhattan 7½	Nye	Summa Corp. Black Jacke, Hazel Fraction; Iron King; Joker Fraction; Iron Queen; Hughes Tool Co; Sunday Fraction
Morey	3180	60002477 7	Morey Peak 15'	Nye	Summa Corp. Huper No. 1-3, 10, 17 Gratitude Nos. 1-9 Green Giant
Silver Peak	4390	60002478 4	Silver Peak 7½	Esmeralda	Summa Corp.; Mary Mine Mary Mine Group

PATTERSON, Russ 23

HUGHES SERIES
EMPLOYEES & CONSULTANT REPORTS
PATTERSON, RUSS
23

6000 2474 4840

60002474 4840

September 18, 1975

TO: D. J. Gribbin

FROM: Russ Patterson

SUBJECT: Attachment re Group 16

The attached is merely a summary of the problems involved in Group 16.

This memo should be used in conjunction with the escrow file. It is mostly a reminder to myself of action to be taken.

RP:sfm
Attachment

TO: D. J. Gribbin

FROM: Russ Patterson RJP.

SUBJECT: Group 16 Title Problems

(1) Quiet Title Action filed 4/18/68
Leroy David et Ux vs. Tonopah & Goldfield R. R.

This action has not been dismissed at this date (see escrow file).

Query: Why was this not reflected in the title report and title policy? How were these interests ignored? (Found nothing of record to eliminate them. See title company.)

(2) Re: John Meir Option: Does Title Company have any info in their files? (Escrow in Reno) Found no option of record.

(3) Does Title Company Escrow or Title files show how Handel interest was eliminated? (See 16-11) Found nothing of record from Handel estate.

(4) How was agreement of Lease eliminated? The Lease referred to in theQuiet Title action referred to in (1) above. Possible Nicely correspondence can explain this.

(5) What do escrow closing instructions call for regarding exceptions and reservations? (Probably at 1st American Title in Reno.)

(6) Is deed ("Surface to 500'") to Tri-State valid due to their relationship in HTC escrow? Was Tri-State owned by 1st American? or? (Check at Carson City). Possibly violates fiduciary relationship. Deed may not have passed title to Tri-State or it may be voidable.

The deed to Tri-State and the reservation in the deed to HTC describes, in part: "The surface to 500 feet...", however, this language is qualified further down in the document as follows: "Grantee covenants and agrees that said property will be used only for commercial and residential purposes and SHALL NOT BE USED FOR ANY MINING PURPOSE..." (underscoring mine).

American Law of Mining 15.22 says in regard to construction of the document: (underscoring mine)

> "Useful rules have evolved, from experience, to assist courts in finding intention from the language used and the circumstances surrounding each transaction. These are guides, however, rather than rules of positive law and give way to clear inferences of intent that are found from an examination of the entire instrument, from other instruments by the same parties dealing with the same subject matter and executed as part of the same course of dealing, and from the expressed purpose of the transaction. Subjective and unexpressed intent is not operative and will cast no doubts upon the meaning of clear and unambiguous written expressions. If the intent manifested by the entire instrument, contemporary instruments and the nature of the transaction is consistent with the writing, the instrument is not ambiguous and cannot be altered by construction even though its language may abrogate a grant or extrinsic evidence would show a contrary meaning. If the intent so manifested is inconsistent with that indicated from the language used, an ambiguity arises and the courts look to the internal relationship of the clauses and to extrinsic evidence of the circumstances surrounding the transaction to find whether the language or the inference of intent should control.
>
> All parts of an instrument are given effect if possible, but some may be given greater weight

than others. Specific provisions, for instance, control over general. Thus the granting clause will usually prevail over the warranty clause with respect to the character of estate granted; operative provisions of an instrument control over recitals and intention clauses may control over granting or other clauses to which they relate. If one clause is out of harmony with the instrument as a whole, and is not essential to the transaction, it may be disregarded as surplusage. But if essential, though clearly erroneous, it must generally be corrected or eliminated by reformation rather than by construction. For construction adds nothing to and takes nothing from a writing; it merely gives meaning to that which is there. Typed or written clauses control over printed provisions and a written provision has been presumed to be closer to the mind of the draftsman than a typewritten one.

If an expression is intrinsically meaningless in context or if an inconsistency exists between general indications of intent and the customary meaning of specific words, the word, phrase or expression is deemed to be ambiguous and must undergo construction to determine the special meaning it had to the parties. In such circumstances the instrument is construed against the party responsible for the choice of expression, usually the grantor, and extrinsic evidence of local usage is given great weight. Where alternative meanings exist, with varying effects, the courts will favor a meaning that makes the instrument fully operative rather than one that would defeat it in whole or in part. They also place considerable reliance upon a construction given the instrument by the parties as shown by their subsequent expressions and conduct."

Query: Assuming that the Tri-State deed is valid does not the language sufficiently show that the intent was to convey (and later reserve) only the surface purely for the use of building and/or subdividing and there was no intention of conveying to Tri-State the underlying mineral estate. Would not then the MINERALS

pass to HTC within the 500' zone with the intent of David being limited to the right for support? I think enough extrinsic evidence exists to show that this was his intent. (I. e., David has had numerous transactions in this area dealing with unimproved and improved lots that had no mining value, yet he used this same reservation in conveyances of such lots. Would this not indicate that his sole concern was for support, possibly because of the requirements of lenders (FHA and VA)?)

If this construction can be placed on these deeds then the mineral title probably passed to HTC and WITH IT THE IMPLIED RIGHT TO CAPTURE SAID MINERALS. (The California courts have ruled that a conveyance of a mineral interest carries the implied right to capture said minerals unless specifically stated to the contrary).

I think that the wording in the reservation..."shall not be used for mining purposes..." applies only to Tri-State's estate and not to HTC due to the fact that no such restriction was placed in the deed to HTC...only a reference to the Tri-State deed in the reservation clause.

Using the above reasoning it would appear to me that the only thing that Tri-State has below the surface is the right to support down to a depth of 500' and that Summa has the implied right to capture minerals as long as it provides such support. If this is the case, CAN WE NOT FILE A SUIT FOR REFORMATION OF THE DEEDS? American Law of Mining 21.13 et seq. says, in part: (underscoring mine)

> "Since separate ownerships are the result of prior divisions, it would appear that the right to support might be explained as an implied easement. For example, "that which...can be reasonably considered to have (been) granted, is the surface land, and such measure of support subjacent, as was necessary for the surface of the land, in its condition at the time of the

grant, or in the state, for the purpose of putting it into which, the grant was made." Several other cases likewise refer to it either as an implied servitude, easement or covenant, but these may be looked upon merely as occasional exceptions to the general rule.

A typical statement of that rule is as follows: "The right of support is absolute, a substantive part of the mass of rights constituting ownership? It is not an incident of ownership nor an easement." Consequently, it is not affected by the rule that grants are to be construed in favor of the grantee, and it is clearly within the constitutional protections of property.

The judicial development of the right of support into an independent type of real property has gone farthest in Pennsylvania, where it is said that "three estates may exist in land, the surface, the coal and the right of support, and...each of these may be vested in different persons at the same time." Of course, when this estate (the right of support has been acquired by the miner, it means that he owes the duty to no one, and he is granted constitutional protection against legislative deprivation of this property by an exercise of the police power, though it may be condemned. Another consequence is that two of the"estates," i.e., the surface and the right of support, may be acquired by adverse possession, even though there is no interference with the coal.

...The right to subjacent support is absolute, and therefore it is no defense that the mineral is more valuable that the surface or that the mining operations were conducted with due care and skill or according to custom or even in the most approved manner. It has been further held that this absolute duty cannot

be escaped by delegating it to a lessee, even though the lessor retains no control or direction of the operation; a fortiori, if he does.

The right to subjacent support is usually stated with reference to the support of the surface. It has been said of the word "surface" that it "may mean either the mere superficial or geometrical surface (protected) against stip mining), the part of the soil used for agricultural purposes, or all of the strata except the minerals.

The natural duty of support, whether subjacent or lateral, is owed only to the land in its natural state, and so cannot be affected by the erection of buildings. Yet there is one case in which it is held that the lower miner owed a natural duty to support the stratum of an upper mine which had been weakened by the operations of the upper miner.

There is, of course, liability for removing support which causes already weakened surface support to fail.

§ 21.14 WAIVER. The right to support may be defined by grant or by contract, or may be waived. It is almost always said that the waiver must be so clear as to leave no doubt, but from the large number of litigated cases it would seem that doubt itself may be a doubtful quantity.

It has been asserted that the mere creation of a mineral interest constitutes a waiver because the owner of the mineral is entitled to remove all of it, and therefore by necessary implication has an incidental immunity from liability for the resulting subsidence of the surface. No case has gone so far (except where the very nature of the deposit and the local practice justify open pit mining), and only in West Virginia has it been held that if in addition to the grant or reservation of all the mineral there is expressly given the right to remove all of it, then there is a waiver of support.

> In all other jurisdictions where the matter has been litigated, a more explicit waiver is required, and it is noted that the duty to support does not deprive the miner of any of his coal nor of his right to remove it, but rather requires that natural support, if removed, must be replaced by artificial support. This economically unrealistic rationalization is a sufficient answer to the equally unrealistic emphasis upon the literal meaning of "all."

There is another thing here which should be checked with our attorneys and that is American Law of Mining 21.17 which says: "Another method of paying for immunity from liability for damage to the surface is afforded by a statute which authorizes the miner to condemn surface rights". (What statute?)

In reading Marty Verhoef's memo to Glen Robertson, under date of 7-15-74, I find myself agreeing with some of it but not all of it. I think that we have three estates here instead of two, i.e., HTC acquired the minerals to the entire sub-surface; Tri-State acquired only the surface; and the right of subjacent support. I think this can be shown by extrinsic evidence due to the fact that David was involved in negotiations with John Meir at the time of the deed to Tri-State. He was undoubtedly aware that the entire reason for the purchase by HTC was for mining purposes (do we not have "clear inference of intent" as referred to in Am. Law of Mining 15.22, as set forth supra?)

At any rate the whole thing comes down to two questions:
1. Can we have the Tri-State deed adjudged void and or
2. Can we have a suit for reformation of the deed(s) based on the fact that they are ambiguous in their language? This will have to be explored in depth by our attorneys. It doesn't appear that Verhoef considered the qualifying language in the Tri-State deed when he wrote in his opinion about extrinsic evidence and ambiguous language in a deed.

I did notice the fact that the "option" to John Meir from Clarence Hall is supposedly dated prior to the deed to Tri-State Realty. I will explore this with our attorneys.

(7) (See 16-6 our escrow file) Try to get copy of "Exercise of Option" referred to.

(8) Escrow instructions called for approval by Foley of the deed to HTC. Was such approval given? (See our escrow file 16-10.)

(9) Try to eliminate the two leases referred to in Title Policy items 11 and 12. (Note: the "Nicely Papers" may help here.)

(10) Item 14 of title policy should be deleted -- Schwinn now deceased.

(11) Delete Item 16 of title policy -- Patent was recorded in 1909 at Book 22, page 206.

(12) The exception in the title policy, pages 9 and 10, referring to "Tracts A, B, C, and D" will be amended as soon as we complete escrow with Ed Connolly (see file "Verdi Lumber Co.).

(13) As to Red Plume what portion affected by Philbrick map of Tonopah -- see exception page 11 of title policy -- need map which was officially adopted by commissioners. (Checked this out -- see later comments.)

(14) Same as above -- page 12 of policy.

I did notice the fact that the "option to John Meir" is supposedly dated prior to the deed to Tri-State. If this could be proven I think we may have something here that could be used to void the Tri-State deed. (This is "iffy", though, due to the fact that the "option" is not of record.)

(15) Regarding the portion of the Red Plume claim shown on the title map as Parcel G & G-1 are shown as an exception in the title policy at page 12:

> This parcel was conveyed to Tri-State Realty and subsequently to Leroy David by two deeds each containing an erroneous description in that it does not close. -- The error apparently being a typographical error in the line describing "Corner No. 3": it says 1182 feet where apparently it should have said 11.82 feet. However, even using the 11.82 figure, the description still doesn't seem to close when plotted out. Did any title pass here? Probably David could show enough intent to successfully conclude an action to reform this deed, however this could be expensive for him. This may induce him to be cooperative in other negotiations if we offered to exchange deeds with him to correct this problem. (Discuss this with Mr. Gribbin.)

(16) In the exception from the Red Plume at page 12 of the title policy referring to "Surface Rights": this should be corrected in that the only map affecting the Red Plume is the "Gayhart" map (not "Gary Hart") as stated in the policy. Also reference to the Philbrick map and the Richardson map should be omitted as they do not affect the Red Plume.

(17) As to the Midway Claim: we have an error in the description from corner No. 2 to corner No. 3 in that a distance of 29.57 feet was used in error. The distance should be 290.57 feet (check with attorney -- will we have to file suit to correct this? possibly we can negotiate correction deed.)

(18) Page 13 of title policy refers to an exception in deed to T & G R.R.: recorded at Book 4, page 453 and recites, "further excepting from the Midway Claim". This deed does not convey any portion of the Midway. (Check this with Title Company. It should be corrected.)

(19) Re the exception at the last paragraph at pages 15, 16, and 17 of title policy. A check of the deeds referred to shows this to be an exchange of extra-lateral rights. Later documents may serve to merge the title and may serve to eliminate the exception. (See title company and discuss.)

(20) At page 17 of title policy reference is made in the last paragraph to conveyances "described on pages 9 through 25 hereof". (This doesn't make sense -- check title company to see what they mean.)

(21) Each of the exceptions contained in the title policy need to be surveyed then the title to each checked to determine the mineral ownership and how the surface title was acquired. If surface was acquired by adverse possession or by possery rights, which title could be be perfected by quiet title proceedings, then the danger exists that any mineral interest held by Summa underlying these parcels could be taken by the surface owners by adverse possession. I think that the best way to handle this is as follows:

1. Survey each parcel.
2. Run complete title search to determine extent of threat to underlying mineral title.
3. Negotiate with owner to give them a deed to surface wherein Summa reserves the underlying minerals.
4. On the ones that the surface owner refuses to negotiate then a quiet title action may be needed to protect the mineral title.

Each of the above parcels will have to be handled on an individual basis due to the various ways that title could have evolved. I believe there are about 50 of these parcels.

I have done some preliminary title work on most of these but need the surveys on some of them before I can proceed further.

(22) We also have a major problem with off-record possessory rights of "squatters". There are scattered over several of the Group 16 claims small houses and cabins. Some occumpied and some are not. The danger here is the same as set forth in paragraph (21) above.

I think the way to handle this is:

(a) determine which of these structures encroach on Summa claims. This could be done by a physical inspection of the claims in the company of a surveyor.

(b) Where there appears to be an encroachment then a survey should be made.

(c) On the ones that are found to be occupied then an attempt to deed the surface with appropriate mineral reservation to the "squatter" should be made. (Check with attorney -- this may require quiet title instead.)

(d) On the ones that are not occupied an attempt should be made to try to determine when they were last occupied and the taxes checked to see when they were last paid. It it appears that there is no danger of possessory interest by a stranger to the title, then I think the building should be torn down immediately. Where there is a possibility of possessory rights then probably quiet title action may be needed. (Discuss all of the above with attorney.)

(23) I have done extensive preliminary research on the properties referred to in (21) and (22) above but have not set it forth here due to the volume of the research and the fact that I am not at the point where conclusive

statements can be made as to each individual parcel concerned. All of the problems set forth in this memo will have to be discussed with and coordinated through you, Summa's attorneys, the title company and myself. At the time of such discussions, it should be determined whose area of responsibility each problem lies within. I can then act as liason between the various persons involved.

(24) As to the Connolly-Verdi Lumber Co. parcel -- this is in escrow and should be cleared up within a matter of days. This is being handled as a separate problem.

(25) Finally, title to approximately 145 lots lying in the town of Tonopah should be checked to determine the possibility of the title to such lots, extending to the mineral title through adverse possession, tax titles, etc. Little has been done on this so far. I did find that in various deeds of record that most if not all of these lots are subject to the following reservation in part which may be all the protection needed unless something is of record to destroy the reservation (discuss this with attorney):

"The first party, its successors and assigns, reserves all rock, earth and mineral below said surface ground, together with all rights of way for tunnel and other underground workings beneath said surface ground, all all minerals now known to exist or which may hereafter be found upon or beneath the surface conveyed by this deed and the right to mine, extract and carry away the same without any liability whatever for any damage or injury caused the surface improvements by reason thereof.

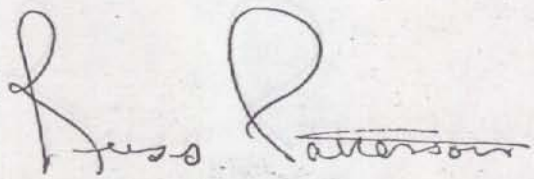
"The first party, its successors and assigns, futher reserves the right of way over said premises hereby conveyed for any and all mains, or pipe lines for the transmission of water, gas or sewer, and the

right of way for the erection of poles, or other instrumentalities for the transmission of electric power, telephone and telegraph lines, provided, however, that no injury is caused by said pipe lines or electric lines, to structures upon said premises without reasonable compensation therefor.

"In consideration of the foregoing, the party of the second part agrees to hold the first party harmless from any and all liability for damages caused to said premises which might result from the prosecution of mining operations upon said lode mining location.

"It is further mutually agreed by and between the parties hereto that the first party shall have the right to acquire possession of said surface ground, or any portion thereof, at any time in the future when it shall appear that such surface ground is, in the judgment of said Company, its officers or agents, necessary and essential to the prosecution of mining operations upon said mining claim, or any part thereof, or necessary and essential to any purpose incidential to the prosecution of such operations, in the manner following, that is to say, to pay the second party the reasonable value of said surface ground, together with the reasonable value of all improvements thereon at the time of such purchase, such value to be determined by a Board of Appraisers, as follows, viz: The party of the first part shall by a written or printed notice left upon the premises or served upon the owner thereof, give notice that it desires to acquire the surface herein before

described and that within ten days appraisers shall be appointed to value the same, three of whom shall be appointed by the party of the first part and three by the party of the second part, and the six thus chosen shall appoint a seventh, and the seven so selected shall constitute a Board of Appraisers, to appraise the reasonable value of said surface ground and the improvements thereon and if the party of the first part within such ten days after said notice shall have appointed three appraisers, the appraisers appointed by the party of the first part shall then appoint three additional appraisers with like effect as though the last mentioned three appraisers had been appointed, and with the same power and authority in the matter as though they had been appointed by the party of the second part and the party of the second part agrees to accept and be bound by the action of the said Board of Appraisers chosen as above set forth."



BLACK JACK P.U.D.
and
MANHATTAN LOTS IN BLACK JACK

1. Facts: Chronology of title (see chain sheet for details)

   A. Location Notice filed by Murphy, et al.

   B. Plat ~~of~~ RECORD Golden Hills ~~received~~ by Murphy, et al.

   C. Deed to MGW Mining Co.

   D. Three deeds for lots by "Murphy and Deahl of Nev."

   E. QC of Surf by Murphy, et al to MGW Mining Co.

   F. PATENT to MGW

   G. Mesne Conveyances down thru chain to HTC

Question:

1a. Can subdiv. be platted and recorded on "Public Domain Lands" by predecessor to patentee? Is this a valid map? POSSIBLY NOT BEING RESEARCHED

1b. Can lots be deeded from such a subdiv when only title held of record by grantor is under certif of location? See NRS. 116-01 [what is ~~difference~~ DEFINITION of "owner"?] SEE ABOVE

1c. Assuming a deed of a lot is valid, and in absence of reservations-does it carry underlying minerals or does mineral title follow the underlying mining claim?

1d. On all "unsold" lots that are taken by county for del. taxes do underlying minerals go with the lots or do they stay with the mining claim.

1e. If minerals underlying subdiv stay with the claim, what right to destroy surface of lots containing no provision of record for repurchase or damages in event of mining activity.

1f. Is deed (see dd#7) conveying P.M.C. "toget. with all surface rights" sufficient to pass title to all "unsold" lots <u>even though they are not specifically described</u>?

1g. Since no title probably passed in deeds #4, 5, and 6, would title carry the same as in 1f above?

1h. What effect does word "deed" in dedication clause on map have on min. title underlying sts. ? [can county claim damages or min. int.]

1i. If title to "unsold" lots carried with P.M.C. without specifically describing the lots - then can we insist that we be allowed to pay delinquent taxes---

------or-------

would payment of taxes on P.M.C. also cover these lots? [probably not. See NRS on taxation - However, county treasurer says Beko says taxes can be redeemed at any time up to adv. tax sale by paying all del. taxes from year last assessed, at todays tax rate, plus 6% int. to date-

Could not tell me how int. was to be figured i.e. : simple int. on prin. amount only or does each year int. also draw 6% int. the following year(s)? If this is true, what construction would be put upon a sale which was advertised and then cancelled?

1j. Is enough intent shown in the language in the ; reservation in this deeds from Murphy, et al, on the lots that were sold, and the deed from them of "black jack-toget. with all surf. rts. whatsoever" sufficient to carry surface minerals of the unsold lots? Do we have a legal hat for Quiet title?

SEE 1g

I think the intent is clear, that nothing is to stand in the way of any mining activity including placer - but what about rights and/or damages to an innocent purchaser at any county tax sale?

1k. Can application to mine be filed on top of tax deeded lots which lots lie on top of a P.M.C.? Can NRS 517.390 be stretched to include such lots?

NO TITLE TO BE IN COUNTY LESS THAN 1 YR.
ALSO CO. HAS TO OWN ENTIRE CLAIM. (4 CORNERS)

11. Is title co. liable for not having excepted lots from policy?

To what extent?

Abstractors liability?

1m. There also appears to be a flaw in this title of HTC in that in that, one James Parks Montague failed to join in the deeds to Jarlson and subsequently to HTC. (He acquired title along with Addie W. Parks, Ralph H. Montague and Charles W. Montague by deed recorded 12-15-52 in Book 55, Page 240 of deeds as to an undivided 1/8th int. in Black Jack P.M.C. apparently as tenents in common.) It would appear that the failure of James Parke Montague to convey to Jarlson would leave an undivided 1/32nd interest in Black Jack still vested in Montague. (AND WIFE-IF MARRIED)

I checked the probate court records, death certificates, deed and miscellaneous indices and found no trace of anything that would move his title to HTC. I did note that he was a resident of Torrance, Calif. in 1952. It is possible there may be a probate there. If true, this would still require ancillary proceedings in Nye County to perfect the title. It is also possible that the title company has something in their files that would allow them to vest title on through to HTC. I will check.

NOTHING AT TITLE CO. — THEY GOOFED — CAN FIND NOTHING TO MOVE TITLE TO HTC.

1m One of the predecessors in title to the Black Jack P.M.C. was the Wittenberg Warehouse and Transfer Company who subsequently conveyed an undiv. 1/2 int. to Jarlson.

I believe this company is a Public Utility as defined in NRS 704.020. Under Nevada Law, does a Public Utility have to have permission from the P.U.C. to sell any real property held in the name of the Utility? or is this the case only when the property is being used for the Public Utility's normal operations?

1o. Affecting a 1/12th interest in Black Jack: By [illegible] recorded 6-21-61 in book 45, pg. 470, Nye County conveyed said 1/12th int. to Mrs. A.W. Parks and Mrs. F.W. Butler, this deed described 1/12th int. in Black Jack- Survey No. 2846. The correct Survey No. is 2842. Parks and Butler subsequently conveyed to Jarlson with the correct Survey No.
Question: Is the misnamed survey no. enought to void the tax deed and should a correction deed be requested from the county?

1p. A possible defect may exist in the deed to Alan Jarlson, recorded 3-4-69 book 118, pg. 560 or from: Addie Parks, Wittenberg Warehouse and Transfer Company, Ralph H. Montague, Charles W. Montague, Florence Butler, Charles Butler, Florence R. Robinson, Dixie Marie Stewart. In that the wives (if married) of Ralph Montague and Charles W. Montague failed to join in and convey any community interest held by them. (Is there a curative act in Nevada law?)

1q. See NRS. 116.130, Re: vacating portion of plat - Can we go this route?

Also see NRS. 116.080
" 116.090
" 116.100
" 116.110

~~1r. See NRS. 517.390. Can this be applied to town lots on top of P.M.C.?~~

1s. See NRS. 116.060. Does this also vest minerals?

24-5

summa

Internal Communication

Date: December 13, 1974 (typed December 16, 1974)

To: Dave J. Gribbin

From: Russell Patterson

Subject: General Information

(1) Re: Groups 1, 13 and 18
Bill Mollison and I have made arrangements to meet Bob Lutz in Reno on December 16 to post No Trespass signs and check out and photograph the corners of these claims. At this time I will also try to ascertain the extent of any encroaching surface improvements.

(2) Re: Groups 1, 13 and 18
As I told you last Monday I have retained a man to run a chain of title on these claims. I am to meet him Sunday evening, December 15 and I will spend some time with him checking him out. His name is Lee Neilson. He has had quite an extensive real estate background but no mining experience. Having had several real estate deals with him on a handshake basis and being personally acquainted with him for about five years, I do not hesitate to recommend him as to honesty and intelligence.

(3) Re: Office Space
I understand that Fred Saunders has been in contact with LeRoy David regarding his office space and that David is supposed to see you on Tuesday. Would this be the right time to start negotiating the 500-foot surface problem? (Just a thought.)
As to other office space, I talked to Bob Perchetti and he may have something suitable. I asked him to get in touch with you on Tuesday. He said he would.

(4) Re the Manhattan Lots
I am having a time trying to get together with Jim Larson. We keep missing eachother. He is supposed to call me tonight (Friday, the 13th). Apparently he has some interest in working something out on the three lots. I'll follow through.

(5) As to the Iron King-Iron Queen Option
I am going to try to meet Mr. Read and Mr. Hill Thursday or Friday, the 19th-20th, and start negotiations.

Regards,

RP:sfm

Russell Patterson

14-S

summa

Internal Communication

Date: November 25, 1974

To: Dave Gribbin

From: Russ Patterson

Subject: Manhattan Lots -- Group 26

As a follow-up on my memo of November 12, 1974, I called John Morgan at Sam Lionel's office and asked when the legal opinion would be issued. John said it has been written and is awaiting Sam Lionel's study and appraisal. I told him that we would like to see Sam as soon as possible to discuss the opinion with him. He is checking and said he'll get back to me on it.

As I stated in my November 12 memo I have been calling the title company on the James Parke Montague problem. I have since called lthem a couple more times with no effect. I asked John Morgan if he could build a fire under them. He is going to call them and try.

Regards,

Russ

#10-W

SEE NEWS LEGAL RE

summa

Internal Communication

Date: November 12, 1974

To: D.J. Gribbin

From: Russ Patterson

Subject: MANHATTAN LOTS BLACKJACK AND SUNDAY FRCT. M.C.

I originally set out to determine the owners and such interest held in the lots in the town of Manhattan which overlay the Blackjack, Sunday FRCT., Hazel FRCT and the Joker FRCT.

Many of these lots are assessed to "unknown owners", which of course is ridiculous. Someone has to be in title. At this point there had been no thorough title examination made regarding these lots, so I started from the beginning of time and examined the title to date, finding many discrepancies and possible flaws in the title. These became so numerous and confusing that I then narrowed the examination down to only the Blackjack and Sunday claims. The Hazel and Joker still remain to be done.

In the course of such examination some very interesting and vital questions came to light. I will only cover the "highlights" here, as a legal opinion has been ordered. These "highlights" do cover many hours of legal research and conversations with legal counsel. Some of the points made here should be dealt with on a crash basis without waiting for the legal opinion - IE: ABERNATHY and MONTAGUE.

On October 19,1905, Book 5, Page 226 - a certificate of location was filed for the "BLACKJACK LODE MINING CLAIM" by three individuals: A.S. MURPHY, JOHN SALSBERRY and A.H.DEAHL. (At this time this was Federal land).

On January 6, 1906 - A subdivision map was filed in the Co. Recorders office entitled "PLAT OF GOLDEN HILL ADDITION TO MANHATTAN". This map was signed by A.S.MURPHY, JOHN SALSBERRY and A.H. DEAHL as "Owners of the Blackjack Claim". The map carried a dedication clause which said "...deed and dedicate..." (the streets shown on the map to the County). The map was accepted and recorded by the NYE COUNTY COMMISIONERS.

Next comes a Deed recorded January 19, 1906 - by Murphy et al to the Manhattan Gold Wedge Mining Co. for Blackjack M.C. However it contained a reservation of "Reserving all surface Rights except so much necessary for mining purposes".

We now find three deeds recorded, each trying to convey "surface ground" in certain lots in"Manhattan" - All of these deeds are from "Murphy and Deahl of Nevada" to the following:
To: E.B. CUSHMAN and C.L. COLE - Rec. 2-8-1906 Book 3, page 165.
desc. Lots 6, 7, Block 34.

To: NATIONAL ICE CO.- Rec.4-16-1906 Book 7, page 90.
desc. Lots 8,9 Block 32.

to: E.F. BROWN and I.L. MOORE - Rec.6-30-1906 Book 6, page 522
desc: Lots 4,5 Block 34.

It is my opinion that we can ignore these three deeds; that no title passed here because "Murphy and Deahl of Nevada" (a) Had no title to give (b) were not a legal entity and (c) even if they could be shown to be A.S.Murphy, John Salsberry and A.H. Deahl they still only had the Rights acquired under a Cert. of Location (see later comments on this).

At this point someone apparently woke up to the fact that you cannot file a location Notice for a Mining claim and then proceed to create subdivisions and all manner of Estates under your Rights as a locator, (see Legal Opinion and American Law of Mining on "Public Domain") for, there was then recorded a deed on June 9, 1908 in Book 17, page 514 from Messrs Murphy, Salsberry and Deahl to the Manhattan Gold Wedge Mining Co, said deed describes "BLACKJACK - Together with all Surface Rights of whatsoever nature and kind". It is my opinion that at this time a total merger of title took place vesting the entire title held by Murphy et al in the Manhattan Gold Wedge Co. However the only title anyone had at this point was under the Location Notice.

On January 30, 1911 in Book 24, page 291 of Patents, the Manhattan Gold Wedge Mining Company was issued a Patent from the U.S.A. for the BLACKJACK P.M.C. SURVEY NO.2842- the vesting now stands here as to 100% FEE SIMPLE TITLE in all of BLACKJACK.

This Fee Simple Title eventually comes down to Hughes Tool Co. with a flaw in the Title which will be pointed out later. (The James Parke Montague 1/32 interest.)

Down through the years there have been deeds recorded describing certain lots lying in the "Golden Hills Addition" both from individuals and from the County Treasurer (Tax Deeds). The County has assessed this subdivision separately from the Blackjack P.M.C since 1906 and has treated it in very contradictory and arbitrary ways as far as Tax Title goes. For instance, there have been Tax deeds through the years describing lots as if they are separate from the P.M.C., yet by a Tax deed to Ada Koontz on July 22, 1930 Book 43-page 103, the County conveyed to Koontz, "THE BLACKJACK PATENTED MINING CLAIM containing 11-49 ACRES." This deed had NO RESERVATIONS and no mention was made of any Manhattan lots. The acreage is approximately the Total acreage of the BLACKJACK CLAIM including the lots in the GOLDEN HILLS addition. This is a very important point as you will see later. (see Item E below).

My opinion is this and I think the Legal opinion will bear me out, that (a) at the time of the filing of the map of Golden Hills addition that Murphy et al had no title and therefore the map did not create a legal subdivision ie:NO LOTS EXIST.
(b) The County Commisions were remiss in allowing the map to be recorded. This is backed up by the 1906 Nevada Statutes.
(c) The County Assessor should never have assessed these lots in the first place.
(d) Any deeds for these lots issued either by Murphy, Salsberry, Deahl, the County Treasurer or anyone else do not convey any title, of any color,(except the Deed to Abernathy which I will cover ante.) You cannot convey something which doesn't exist, you can only convey that which you have.
(e) NYE County, by their own act of conveying to Ada Koontz sans any reservations and describing the entire acreage of the BLACKJACK, shows that they consider the Title to the lots to pass with a conveyance of BLACKJACK.
(f) Regardless of the attitude of the County as to these lots, no Title would pass through a Tax deed of any lot(s) for the simple reason that they were improperly assessed (under Nevada Statutes the County must make "diligent" inquiry as to the owner of a lot and then give notice to the owner at his last known address, advertising is not sufficient if the property is assessed to "unknown owner"). Any Tax deed in these circumstances would be void due to lack of constructive or actual notice.

(g) We should petition the County to drop these lots from their assessment rolls.
(h) We should petition the County to abandon that portion of Golden Hills addition contained within the exterior boundaries of the Blackjack P.M.C. including all streets shown on the map. This will take some negotiation as I understand that a County Road runs along the approximate location of Gold Street.
(i) If the County refuses us on the above we are in an excellent position to quiet Title and force them to abandon the subdivision. (But, Note the interest of Abernathy - see item(k) below) The lawyers say we have both the "sword and the shield" under the law.
(j) We do not have any problem as to adverse possession of these lots (except for Abernathy). Since the Toll of Time has run on the Statute of Limitations for anyone to perfect an adverse claim. (Taxes have been delinquent since prior to 1931- any claim would have to have been made within the last 19 years and one of the requirements for adverse title is payment of taxes within that time.)
(k) We now arrive at the Abernathy problem.
On August 2, 1950 in Book 54, page 134, a deed was recorded from one Byron Wilson to Merle Abernathy describing "Lots 8 and 9 of Block 32...and cabin thereon." Mr. Wilson had no record Title nor has he since acquired any, however Mr. Abernathy has been assessed with lots 8,9 and 10 (the deed only describes lots 8 and 9.) and he has paid the taxes through the years including 1974 on all three lots. Due to the fact that there was apparently a cabin there in 1950 (open and notorious possession) and Abernathy has continued to pay the taxes, he is probably in an excellent position to file a quiet title action to the land which would be embraced within the so-called lots 8, 9 and 10 including all of the minerals thereunder.
I think the first order of business should be the negotiation with Mr. Abernathy to purchase his lots. They are right in the guts of BLACKJACK and this could be an extremely critical piece of property in view of his possible mineral rights.

See Larson Exchange

(l) The James Parke Montague problem:
On December 12, 1952, Book 55 page 240, a deed was recorded, describing Blackjack, conveying an undivided 1/8 interest to the following:
Addie W. Parks; James ParkeMontague; Ralph H. Montague and Charles W. Montague. All of these people subsequently convey to Hughes Tool Co. except for James Parke Montague. I cannot find anything of record which will move the title from him to Hughes Tool Co.
First American Title Company insured Hughes Tool Company as to 100% Fee Simple title. I went to their offices in Las Vegas and asked them how they were able to vest James Parke Montague's 1/32 interest in Hughes Tool Company without a deed from him. They said they would check and let me know.

(This conversation took place with Robert Bennett,Senior Title Officer) I have called Mr.Bennett approximately 6 times to see what progress has been made. Each time I have been told they are "checking" it out and would call me within a day or so. They have not returned one call, instead I have had to call them. I called Bennett again today and he said they are "waiting for the County Recorder to confirm that no deed exists from Montague to Hughes Tool Co.", he also said he would call me tomorrow, which I doubt. At any rate we have a possible Total failure of Title as to Montague"s 1/32 interest.

In my opinion this problem should be resolved as soon as possible. The danger of course is that someone may acquire this interest and then try to capitalize on it's nuisance value or demand 1/32 of any production. There is also the possibility that such a person could stop any production completely.
I will follow up with the Title Co., but if they continue to drag their feet, I think then, that I should see their Top man in Las Vegas in the company of our Legal Counsel and do a little arm twisting to build a fire under them.
(m) As to the lots overlaying the Sunday Fraction: we have less of a problem with the subdivision than with BLACKJACK. The map covering this is a different one. This one is the "amended map of Golden Hills". Because the Sunday Frct. is and always has been Public Domain land no subdivision can exist here.
We should probably handle this in the same manner as set forth in paragraphs (h) though (j) above. This will have to be handled separately since we are dealing with two different subdivision maps.

To reiterate, I have ordered a Legal Opinion on all of the above. John Morgan at Sam Lionels office has completed the legal research and has given it to Lionel to write the opinion. I have requested that when such opinion has been rendered that he give me a call so that you and I can meet with Lionel to discuss the opinion and decide the course of action. At this point I will then proceed with the Hazel and Joker Fractions.

I will advise as things develop.

Regards,

Russ Patterson

P.S. There are other questions
being considered by the lawyers
which I did not set forth here(Title Co. Liability etc)
See my rough draft of questions attached hereto for the points and questions I asked John Morgan and Vic Priebe to consider.

10-4-75

Russ

See me prior to performing any additional work.

Please return all records to Susan prior to coming to Las Vegas. This is to include all items concerning Summa.

Dave Gribbin

Russ Patterson

2037 Shasta
Mojave, California 93501

Date; oct. 10, 1975

Mr. D. J. Gribbin, General Manager
Summa Corporation - Mining Division
5700-B South Haven St.
Las Vegas, Nevada 89119

Subject: Consulting Fees - SEPT. 1 through Sept. 30, 1975

Dear Mr. Gribbin:

The following billing is for time spent researching mining claim groups and reviewing documents for the Mining Division

21 days Tonopah Group 16
___ days Tonopah Group _____
___ days

Fee: 21 days @ $100 = $2,100

Please mail check to

Russell Patterson
c/o Summa Corporation
P.O. Box 1126
Tonopah, Nevada 89049

Very truly yours,

Russell Patterson

RP:jp

2037 Shasta
Mojave, California 93501

Date; OCT. 10, 1975

Mr. D. J. Gribbin, General Manager
Summa Corporation - Mining Division
5700-B South Haven St.
Las Vegas, Nevada 89119

Subject: Consulting Fees - August 1 through August 30, 1975

Dear Mr. Gribbin:

The following billing is for time spent researching mining claim groups and reviewing documents for the Mining Division

18 days Tonopah Group 16
___ days Tonopah Group _____
___days

Fee: 18 days @ $100 = $1800

Please mail check to Russell Patterson
c/o Summa Corporation
P.O. Box 1126
Tonopah, Nevada 89049

Very truly yours,

Russell Patterson

RP:jp

ACCOUNTS PAYABLE VOUCHER

DIV.	REFERENCE NO.				
	ENTRY DATE			SOURCE	VOUCHER NO.
	MO.	DAY	YEAR		
12					

	TRANS CODE	VENDOR NO.	DUE DATE			PURCHASE ORDER NO.	RECV. DATE			INVOICE NO.	NET AMOUNT	DISCOUNT	Sep. Chk.	EXCEPTION ACCTS.	
			MO.	DA.	YR.		MO.	DA.	YR.					A/P	CASH
A											3,900.00	.			

DISTRIBUTION

	ACCOUNT NO.			PROJECT CODE	AMOUNT	ACCT. PER		VOUCHER DESCRIPTION
	DEPT.	ACCT.	ITEM			MO.	YR.	
B	0102	415	001		3,900.00			
B					.			AUTHORIZED BY:
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	PREPAID AND VOID				ORIGINAL REFERENCE NO.					USE TAX AMOUNT	1099 INFORMATION			
	CHECK DATE			CHECK NO.	MO.	DA.	YR.	SO.	VO. NO.		CD.	AMOUNT	CD.	AMOUNT
	MO.	DA.	YR.											
X										.		.		.

	LAST NAME OR COMPANY NAME	FIRST NAME	INIT.	TITLE
Y				

	ADDRESS — LINE 1	ADDRESS — LINE 2	CITY	STATE	ZIP
Z					

ACC—11

summa

Internal Communication

Date: October 13, 1975

To: D. J. Gribbin

From: S. Mollison

Subject: Unfinished Summa Business -- Russ Patterson

As you know, Russ came into the office on Friday, October 10, and went over many of the files and notes that had been left on the top of his desk. The following is a composite of notes and conversation.

1. Re Group 24 "Bird" Claims: Last December you sent Russ a copy of your letter from Sam Lionel 11/25/74 with a note attached: "This is just one more 'little problem' which will demand a moment of your time in the future. Suspect you are going to have to locate Mizpah Extension Mining Co." On this note Russ has written: "Check at Carson City".

2. Re Groups 8, 11, 17, 24, and 25: These groups still must be checked to see if they contain 500' reservation.

Note: Last week in checking out a Tonopah Group 25 matter (California Claim) there were found the following reservations: On the parcel of this claim that Les Rhines owns there is a surface to 50' reservation; on the parcel that Sierra Pacific Power Company owns there is a surface to 200' reservation.

3. Re Group 16 Connolly-Verdi Lumber Co. question: As you know, Russ plans to see you today, Monday, October 13, to go over this matter. (He took with him Friday a file marked "Connolly Complaint", the contents of which I have noted, so as to duplicate in future if necessary.)

Unfinished Summa Business -- 2 10/13/75

Russ showed me various maps (see attached) re the Connolly question -- how the map of record is not the "correct" map, and explained why the title company (First American Title, Las Vegas, Nelma Wilson and Nick Zagaress) should not use the Casselli map, but, instead, Wally Boundy's map.

Because of the complexity of why this should or should not be, and his belief that the matter is on the brink of being resolved, Russ decided to go to Las Vegas to explain this matter to you so that you in turn might discuss this with the Title Company.

When the Connolly-Verdi Lumber Co. matter is straightened out, Russ says the taxes must be reassessed on the "new" Verdi Lumber Co.

Further notes: When the above Connolly matter is resolved, we may proceed with the Jim Larson deal. As you know, Jim Larson (peeved now by what he considers undue delay) wishes to exchange some Manhattan town lots on the Blackjack Claim for a portion of our Golden Anchor and Triplet Claims in Tonopah -- a stip 50 feet by 400 feet.

Question: Should there be an appraisal of the Larson property and does the matter have to go before the Board of Directors for approval?

When and if the above exchange is completed, Russ says, someone should go to the Assessor's Office and have the taxes segregated. Also, at the time of the exchange, the "Larson property" in Manhattan should be recorded, since his deeds (presently in our possession in Tonopah) have never been recorded.

Russ also noted that all of the Group 26 lots, except the lots that cover the Blackjack Claim, still remain to be searched. There is possibly the same problem as on the Blackjack Claim.

4. Other Group 16 title problems are outlined in Russ' 9/18/75 memo to you.

5. A box of Tom Niceley's papers from his former Tonopah-Belmont Development Company is in our large safe. Russ has not gone through them.

6. There is another carton of miscellaneous files in the safe -- mostly Jamieson files, plat copies plus microfilm. Russ said I could "file them".

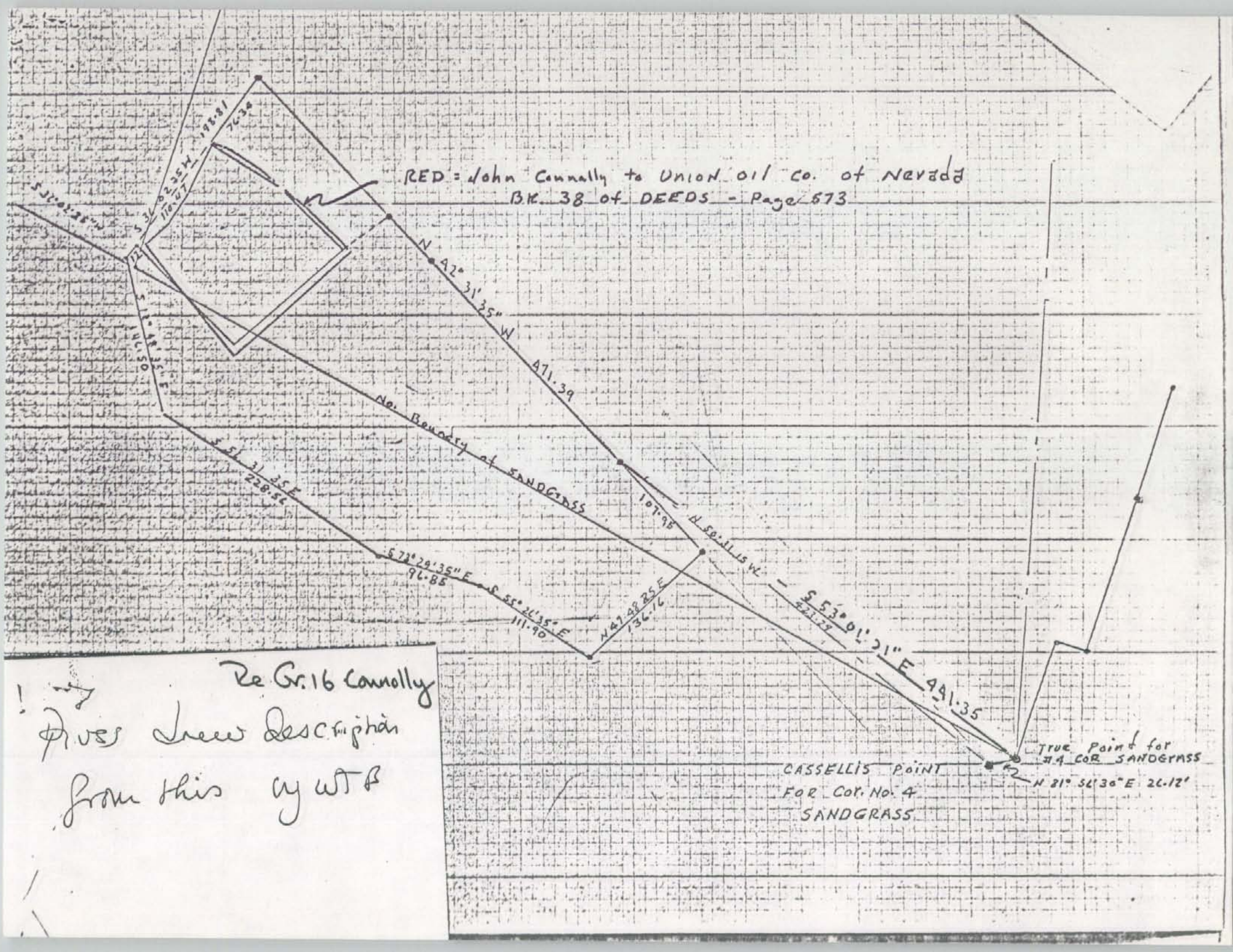
7. I will return the file from Las Vegas regarding the corporate name change unless you think I might be able to assist you on this. To my knowledge Russ did nothing on this matter. (When I was at the courthouse last week I saw a number of Nye County claims assessed to "Hughes Tool Company".)

These appear to be the major unfinished matters. Let's hope we don't find too many more.

Susie

Susie

Attachments



Re Gr. 16 Connolly

! Gives Incorrect Description

from this by WTB

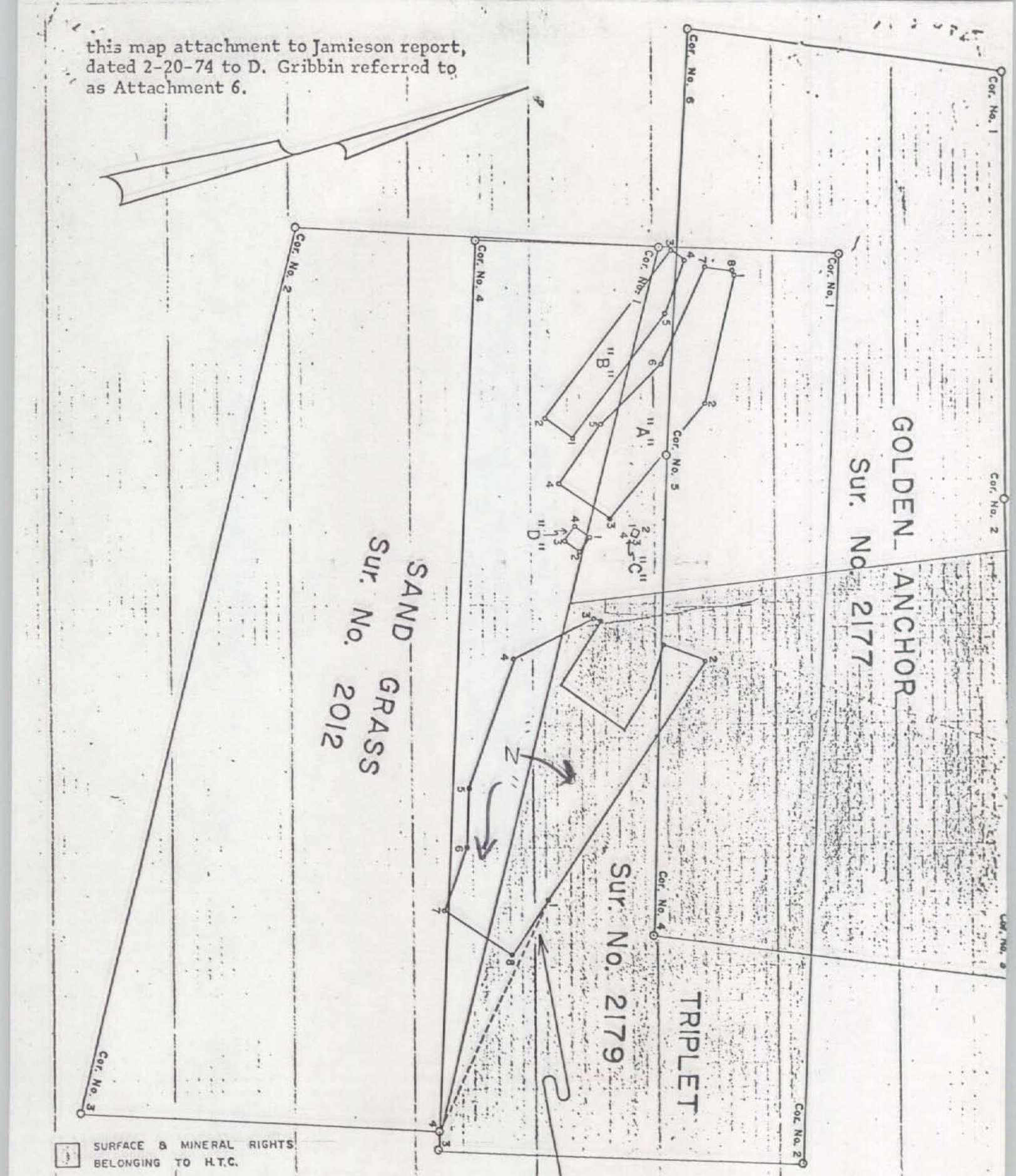
Re: Gr 16
Connolly

on record this way

Title Co should be
told "Z" is real
location on ground
not A B C D E as
on record.

Title merges on all
into Sandgrass
Triplet.

this map attachment to Jamieson report, dated 2-20-74 to D. Gribbin referred to as Attachment 6.



Map of John Connolly Parcel as per Book 38, Page 258. Verdi Lumber Co. to John Connolly.

Map of John Connolly Parcel as per Book 122, Page 420. Tri-State Reality to John Connolly.

summa

Internal Communication

Date: October 15, 1975

To: D. J. Gribbin

From: Russ Patterson per S. Mollison

Subject: Telephone Call from Russ Patterson from Las Vegas Office, October 14, 1975

1. Re Group 16 Connolly-Verdi Lumber Co. matter:

This morning, October 14, 1975, Russ met with Bob Bennett, Assistant Manager of First American Title Company in Las Vegas.

Russ says they were very confused on this title search and he went through all the descriptions and surveys and maps with them. Russ says that all is clarified now: title company and escrow now set with top priority being given the matter by the title company. He has put a rush on drawing up of the escrow instructions. All papers are to be sent to D. J. Gribbin by the title company.

2. Re Group 26 Manhattan lots (and the letter the title company got from Lionel within the last 2 or 3 days):

Russ told title company to "sit on the thing" and not deal with Lionel.

#11-N

summa

Internal Communication

Date: November 21, 1974

To: Mr. D.J. Gribbin

From: Russ Patterson

Subject: SUMMA vs HATSIS et al. Group 33

Pursuant to Mr. Fillerup's memo to you dated 11-14-74 and letter dated 9-16-74 from Edward Clyde to Joe Foley, I find the following supplemental information derived from an examination of the records at the Nye County Court House.

A. In checking the original location notices for the Huper claims it was noted that said notices carried a handwritten comment on the border of the document stating "These Huper claims are re-staking claims named and staked by me called Gratitudes 1 through 9 which had become delinquent - (sign.) W. James Martin Huper - 4 corresponds to Gratitude 1."

The only thing found of record on the Gratitude claims were 9 location notices recorded 8-22-66 all in Book 90, pages 155 through 159 inclusive; and 9 certificates of location recorded 8-30-66, Book 90, pages 546 and 547 and in Book 91, pages 410 through 416, both inclusive.

B. As to the Huper claims in conflict, the following Proof of Performance documents were found of record:

1. Recorded 6-20-69, Book 121,page 444 for year ending 9-1-69.
2. Recorded 8-11-70, Book 134,page 175 for year ending 9-1-70.
3. Recorded 8-18-71, Book 150,page 178 for year ending 9-1-71.
4. Recorded 8-11-72 Book 158,page 339 for year ending 9-1-72.
5. Recorded 8-28-73 Book 166,page 204 for year ending 9-1-73.

C. As to the conflicting Green Giant claims, the records at the Nye County Court House disclosed only the following documents of record:

1. Six (6) location notices all recorded on 5-26-69 in the following books and pages: Book 120, page 406
   Book 120, page 410
   Book 120, page 411

2. Four (4) location certificates, all recorded 8-5-69 in the following Books and pages: Book 122, page 647
Book 123, page 05
Book 123, page 06
Book 123, page 07

3. Proof of Performance recorded 10-21-70 in Book 136, Page 406 for the year ending 9-1-70

4. Proof of Performance recorded 8-25-71 in Book 151, page 142 for year ending 9-1-71.

D. As to the Huper claims in conflict:

1. Six (6) location notices were filed by Anthony Hatsis, all recorded 7-2-74 in the following books and pages:
Book 174, page 01
Book 174, page 02
Book 174, page 03
These location notices contained the following statement: "This claim is a relocation of one dropped by Hughes Tool Company over 2 years ago." (Note: The validity of these location notices would appear to be questionable due to the fact that the annual labor had been performed up to and including the year ending 9-1-73 on the original Huper claims. These last said location notices by Hatsis were recorded prior to the end of the assessment year for 1974. See A.L.M. page 266, pp 8.40)

2. Six (6) certificates of location were filed for record by Hatsis, all recorded 7-11-74 in the following books and pages:
Book 174, page 123
Book 174, page 124
Book 174, page 125
Book 174, page 126
Book 174, page 127
Book 174, page 128
It is noted that the fee paid for filing the above certificates was $15.00 on each. Since these were in fact relocation certificates, the fee paid should have been $20.00.

3. Map entitled "Survey of claims - Huper- Numbers 1,2,3, 9,10 & 17" filed 7-11-74 as instrument No. 42973.

Copies of all documents referred to on the prior page are enclosed herewith (with the exception of the Certificates of location of the Gratitude claims. If these are needed, please advise.)

The quality of some of some of the copies is very poor, however this was all that the Recorders office could furnish.

As to the physical inspection on the ground of the new claims by Hatsis the following is a statement by Wally Boundy:

On November 17, 1974 I made a trip to the Huper claim groups in the Morey Mining District and with the aid of maps showing the relationship of these claims to one another, I located and inspected the notices on each of the following locations posts:

HUPER 1,2,3,9,10 and 17.

I found besides the original Huper claims location notices that there had been posted on each of the above named claims, a yellow copy of a location notice corresponding to those filed in the Recorders office and mentioned in paragraph D, part 1 of this memo.

There was no mention of location work nor did I find any evidence in the field of recent surface work on any of the above named claims.

W.T. BOUNDY
R.L.S. 2519 - Nevada.

Russ Patterson

FILE.

23-5

summa

Internal Communication

Date: December 13, 1974

To: Dave J. Gribbin

From: Russell Patterson

Subject: Mary Group of Claims

I have made an examination of the title to the patented claims, described in the attached title policy, at the Esmeralda County Courthouse and find as follows:

(1) The record title is now vested in:
RICHARD T. MITCHELL, as Trustee under that certain Land Trust Agreement dated March 8, 1973, of the County of Pinellas, State of Florida, whose address is 5026 Central Avenue, St. Petersburg, Florida, 33707.

We will need to examine a copy of said Trust Agreement prior to the execution of a lease to determine that the powers of the Trust are sufficient to allow the trustee to execute a lease. I have made arrangements with Walt Simmons to secure a copy from Mitchell's attorney in Florida.

(2) The 1974-75 taxes have not been paid. They are assessed as follows:

(a) 200-acre parcel in Sections 8 and 17 of T 2S, R.38E. Assessed value = $2,250.

(b) Each of the patented claims -- assessed value = $500 (each).

Total assessed value = $24,750
Tax Rate = $4.70 per $1M
Total Tax for Year = $1,163.25

This tax is payable in quarterly installments. The 1st and 2nd installments are now delinquent and carry a 3% penalty, however, if the taxes are not paid by January 6 the 3rd installment becomes delinquent and at that point all 3 installments will then carry a 4% penalty, while the 4th installment remains payable without penalty. (If taxes are paid after January 6, 1975, but before April, 1975, amount due is $1,163.25 plus $34.90 penalty = $1,198.15.)

Proration of these taxes should be considered as they cover the additonal 200 acres set forth in (a) above which is not a part of this transaction.

(3) As to exception #2 of the title policy -- this does not constitute a flaw in the title, it is merely a qualifying statement due to the fact that the title company insures only the record title. I will attempt to get a certified copy of the patent and place it of record in Esmeralda County; however, the title will stand as is.

(4) Exception #4 of the title policy is a lease-option in 1958. This will probably continue to show on title evidence in the future due to the reason that a title company has no way of determining whether any off-record matters may modify or extend the lease-option and in my opinion it has expired by its own terms. The ideal thing would be to get a quitclaim from the lessees, but in view of the terms of the lease and the obvious integrity of the parties to the current transaction my recommendation would be that the 1958 lease be ignored.

I will examine the federal records in Reno and advise if there is anything further to add.

The title looks good other than the foregoing.

Regards,

Russell Patterson

RP:sfm

83-5

summa

Internal Communication

Date: January 7, 1975

To: Dave J. Gribbin

From: Russell Patterson

Subject: Group 13

Dave:

This is the expense report for Lee Neilson.

I have told Lee that we won't need him until further notice.

I am examining the material he sent and will write a report shortly.

Regards,

Attachment

Land Exploration
and Mining Division

Post Office Box 309
Las Vegas Nevada 89101
702 739 7441

A Division of
Summa Corporation

labeled ✓

52-S
R. Patterson

February 7, 1975

Sam Lionel, Esq.
Lionel, Sawyer, Collins & Wartmen
Suite 800 First National Bank Building
302 East Carson Avenue
Las Vegas, Nevada 89101

Dear Sam:

Enclosed is a copy of a memo to D. J. Gribbin dated today re Mary Mine Group (Mitchell Land Trust Agreement and Lease).

Please direct your attention to items 5 and 6 of said memo and the questions rested therein.

May we have your opinion as to whether we have a problem or not?

Yours Truly,

Russ Patterson

RP:sfm
cc: D. J. Gribbin
Walt Simmons

ROCKY
MOUNTAIN
MINERAL
LAW
FOUNDATION

MEMORANDUM

TO: Russell Patterson
Summa Corporation - Mining
Division
5700-B South Haven St.
Las Vegas, Nevada 89119

FROM: David P. Phillips
Executive Director

DATE: February 6, 1975

RE: Institute on Mineral Patenting Procedures

Thank you for your Registration for the Foundation's forthcoming Institute on Mineral Patenting Procedures which will be held at the Braniff Place Hotel, in Tucson, Arizona, on February 27 and 28, 1975. Our Registration Desk will open at 4:00 p.m. on Wednesday afternoon, February 26th, in the Convention Check-In Area in the Braniff Place Hotel. Registration packets and manuals will be available at that time. Admission to the luncheon on Thursday noon, February 27th, and to the reception and cocktail party on Thursday evenining will be by badge. Spouses are welcome at the Reception. We will be most appreciative if you will pick up your registration materials as early as possible. We are looking forward to seeing you in Tucson!

FOUNDATION OFFICES
Fleming Law Bldg.
University of Colorado
Boulder, Colorado 80302
(303) 492-6545
or (303) 449-0343

51-5

Internal Communication

Date: February 7, 1975

To: D. J. Gribbin

From: Russ Patterson

Subject: Mary Mine Group

Subsequent to my memo of 12-13-74 I examined the lease agreement and the supporting land trust agreement submitted by the lessors and noted the following:

(1) In the first part of the trust agreement it recites "Trans-Western Mining Corporation is about to convey to the trustee...". This was accomplished of record by deed recorded 7-7-73 and is reflected in my memo of 12-13-74.

(2) In "Exhibit A" of the lease the claim "Duplex" is spelled Deplex. I discussed this with Sam Lionel and he said that there is no problem due to the fact that the mineral survey No. is correct, which would control in the face of an obvious typo error.

(3) The lease calls for the taxes to be paid within 60 days of execution of the lease. I will keep track of this and advise as to the current taxes, however some system should be set up to check each year that the taxes are being paid per the lease terms.

(4) I did notice that para #6 of the lease tends to strengthen comment No. 4 in my 12-13-74 memo re the 1958 lease/option.

(5) Under para #23 of the lease is the recital that "This lease shall not be recorded but the parties shall execute and acknowledge a memorandum suitable for recordation."

Query: (A) Has the memorandum been drawn, executed and acknowledged?

(B) Is the memorandum to be recorded?
Note: Also see following comments.

(6) Under the trust agreement para #3(a), page 4, headed "Duties of Trustee" it provides that the trustee may lease etc. "when and as directed to do so by Frank C. Mendal, William C. McClean Jr., Irene Denker and Richard T. Mitchell..."

I find no documentary evidence that this provision was complied with. Of course Mr. McClean and Mr. Mitchell were both involved in the negotiation of the lease and can hardly deny their acts, but we have nothing from Mr. Mendal and Ms. Denker.

It has occurred to me that maybe we should acquire a ratification of the lease from Mendal and Denker or if we have a memorandum of the lease executed, then have them join in.

The terms of the trust under para #6(b) (c) (d), pages 6 and 7, would seem to preclude the necessity of a ratification or joinder in a memo by Mendal and Denker, <u>but</u> can we safely make this assumption in view of the limiting language in para #12 (b) page 8 of the trust (especially note the last 4 lines of the para.)

I guess the question that is nagging me is that regardless of any warranties given under the lease that the trustee would have very limited liability if we had a failure of the lease due to Mendal and Denker's possible failure to properly direct the trustee to enter into the lease.

I am sending a copy of this memo to Mr. Sam Lionel with a cover letter asking that we consider and advise.

Regards,

Russ Patterson

RP:sfm
cc: Sam Lionel, Esq.
Walt Simmons

71-5

summa

Internal Communication

Date: April 7, 1975

To: D. J. Gribbin

From: Russ Patterson

Subject: George Rong Operating Agreement on Virginia City Placer Mining Claim

I have made a cursory examination of the title to the subject unpatented mining claim.

It is my opinion that Mr. Rong has a valid claim of record (the staking should be checked out on the ground) and that Mr. Rong is presently in a position to enter into a valid operating agreement with Summa as such agreement was outlined by you.

If, in the future, purchase of said claim is contemplated, I would then recommend a more exhaustive title examination.

Regards,

Russ Patterson

RP:sfm
cc: Walt Simmons

RP.

summa

Internal Communication

Date: June 25, 1975

To: D. J. Gribbin

From: Russ Patterson

Subject: Lease Draft Mollison et Al

Attached is a draft of the proposed Lease for the lots now occupied by the Mollisons, Robertsons and Clarence Sikkenga.

Please review this form and if all is in order I will have appropriate leases signed and will confirm the liability insurance on each.

Regards,

Russ (RP)

cc: Walt Simmons
file

LEASE

This Lease is executed in duplicate on the date hereafter set forth by and between SUMMA CORPORATION, a Delaware Corporation (Lessor), and _____ (Lessee), as follows:

WITNESSETH:

The parties hereto do mutually agree as follows:

I

In consideration of the payment of the rental therefore, as provided below, and the performance of (Lessee) of each and all of the terms, covenants and conditions herein contained on his part to be kept and performed, Lessor does hereby lease, let and demise to Lessee the following described real property in the County of Nye, State of Nevada:

II

This Lease shall commence on _____, 1975 and shall be on a month-to-month tenancy, payable $100.00 per month, on the 1st of each and every month.

It is agreed, however, that either Lessor or Lessee may, for any reason whatsoever, terminate this Lease by giving written notice of such intent to terminate at least 30 days in advance of such termination date.

III

It is agreed that said leased premises shall be used for residential purposes only, and have water supplied to the premises. Lessor assumes no responsibility to Lessee for and does not warrant the quality or quantity of water which may be supplied to the leased premises. Mineral rights are in no way conveyed to Lessor by this lease, nor in no way is Lessor or its assigns to be prevented from any subsurface mining activity.

IV

Lessee shall pay all water, telephone, gas, and all other public utility services, including the expense of providing such services to the leased premises as well as the regular charges for the use of such utilities, but excluding the cost of electricity which shall be furnished by lessor without charge to lessee.

V

This Lease shall not be assigned by Lessee nor shall

all or any part of the leased premises be sublet without written consent of Lessor first had and obtained.

VI

Lessee does hereby indemnify and does hereby agree to defend and to hold harmless Summa of and from any and all claims, demands, actions, causes of action, and liability asserted against Summa, and arising or to arise by reason of the use or occupancy of the leased premises by Lessee, his agents or invitees, or arising or to arise by reason of any condition of the leased premises existing at any time during the term of this Lease.

VII

Lessor, its employees or agents, shall have the right to enter upon the leased premises at any and all reasonable hours to inspect the same.

VIII

Lessee shall procure and maintain public liability insurance in a reasonable amount sufficient to protect Lessor under the conditions set forth in paragraph VI above. Lessor be named as an additional unsured on said policy, with notification in the event of change or cancellation of said policy, and Lessee shall provide evidence satisfactory to Lessor that such insurance is in effect.

IX

Nothing contained in this Lease shall be construed as creating a partnership or joint venture between Lessor and Lessee.

X

Lessee accepts the leased premises in their present condition and upon termination of this Lease agrees to surrender the premises to Summa. This Lease is subject to all existing easements, servitude licenses, and rights-of-way for any purpose whatsoever, whether recorded or not.

XI

Lessee reserves the right at any time to remove at his discretion any and all personal property, including all structures, fixtures, fences, trees or shrubbery, erected or placed at Lessee's expense, upon the premises either at this date or in future. Lessor reserves the right to demand upon or after termination of this Lease, that Lessee remove any or all of last said personal property at the discretion of said Lessor.

XII

For purposes of payment of rental or the giving of notices as required by this Lease, (all notices to be served

by mailing the same by registered mail), the following addresses shall apply, unless subsequently changed in writing:

AS TO LESSOR:

AS TO LESSEE:

This Lease shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto to have set their hands and seals this _____ day of _____, 1975.

LESSOR: SUMMA CORPORATION

By _____

LESSEE: _____

_____

summa

B-8
86

Internal Communication

Date: June 2, 1975

To: D. J. Gribbin

From: Russ Patterson

Subject: Attached Bill -- from Debbi Stuart
Re: Group 32

The attached bill is for Battle Mountain microfilm work. This bill was misplaced.

Since our payment is long overdue, I'm sure Miss Stuart would appreciate our expediting the check.

Regards,

Russ (sdm)

Att.

DATE: FEBRUARY 6, 1975

MR. D. J. GRIBBIN, GENERAL MANAGER
SUMMA CORPORATION-MINING CORPORATION
5700-B HAVEN STREET
LAS VEGAS, NEVADA 89119

SUBJECT: CONSULTING FEES

DEAR MR. GRIBBIN:

THE FOLLOWING BILLING IS FOR TIME SPENT TAKING MICRO-FILM COPIES AND REVIEWING DOCUMENTS FOR THE MINING DIVISION.

10 HOURS--BAKERSFIELD GROUP 32

FEE: 10 HOURS @ $5.00=$50.00

PLEASE MAIL CHECK TO: DEBBI STUART
327 LINCOLN STREET
BAKERSFIELD, CALIFORNIA 93308

VERY TRULY YOURS

Debbi Stuart

DEBBI STUART

Land Exploration
and Mining Division

Post Office Box 1126
Tonopah Nevada 89049
702 482 3584

A Division of
Summa Corporation

July 1, 1975

Mr. Al Ray
Dealer Enforcement Section
Registration Division
555 Wright Way
Carson City, Nevada 89701

Dear Mr. Ray:

Pursuant to Mr. Bill Whitehead's verbal instructions by telephone on Friday, June 27, we would like to inform you of the following:

On April 7, 1969, Summa Corporation purchased a number of mining claims and on this property a 3500 gallon Semi Tank Trailer Model 3-47, manufactured by the Heil Truck Company, ID #143884, 2 axle, 8-wheel, trailer tire size 10:00 x 20.

As evidence of ownership of this vehicle, I enclose a copy of the Bill of Sale pertaining to this vehicle. The seller stated that he had acquired this trailer several years ago (at least prior to 1968) and that as near as he could recall he acquired it as part of the general equipment used in mining operations of the above claims. He stated the only title he received was via a bill of sale which was subsequently lost.

Summa Corporation would like to register and license this vehicle in Tonopah. Efforts to find its last registered owner in the states of California, Utah and Nevada have failed.

Could you please assist us in perfecting a lien on this vehicle and instruct us in the remaining steps to follow in order that we may obtain title and license?

Should you need additional information please call the undersigned, collect.

Sincerely

Russell Patterson
Consulting Agent

RP:sfm

Enclosure

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that the undersigned for valuable consideration does hereby grant, sell, transfer, and deliver unto Summa Corporation (Grantee) the following described equipment:

3500 gallon Semi Tank Trailer Model 3-47,
Manufactured by the Heil Truck Company
ID #143884
2 Axle 8-Wheel Trailer Tire Size 10:00 x 20

To have and to hold all and singular the said goods and chattels to said Grantee, his successors and assigns. The undersigned covenants with said Grantee that undersigned is the lawful owner of said chattels; that they are free from all encumbrances; that undersigned has a good right to sell the same; that undersigned will warrant and defend same against the lawful claims and demands of all persons.

Seller further affirms that this equipment was included in the original purchase by Summa Corporation from Clarence Hall under Bill of Sale dated April 7, 1969, relative to BONANZY, BONANZY NO. 1, etc. in the Lexington Mining District. Buyer and seller both warrant that said equipment has been in continuous possession of Summa Corporation since the date of the last said Bill of Sale.

WITNESS, the hand and seal of the seller, this 27th day of June, 1975

Witnessed by me this 27th day of June 1975

BY _____ (SELLER) (L.S.)

SUMMA CORPORATION

BY _____

D. J. Gribbin
General Manager
Mining Division

September 3, 1975

TO: D. J. Gribbin

FROM: Russ Patterson

SUBJECT: Connolly (Verdi Lumber Company)

Following is the language I suggest be used in the deed from Summa to Connolly to sever the minerals under the parcel.

If this recital is satisfactory, please advise and I will have the escrow proceed to draw the deed accordingly.

> "Excepting therefrom, and reserving to the Grantor herein, any and all minerals of each and every type and kind whether now known to exist or hereafter discovered."

Dist: Group 16
RP
RP rf

Internal Communication

summa

Date: July 22, 1975

To: Dave Gribbin

From: Russ Patterson

Subject: Verdi Lumber Company -- Sand Grass, Triplett and Golden Anchor Claims in Group 16

I have had had several meetings with Mr. Ed Connolly on the problem of the overlap and title problem existing here. During the title check on this property I found reference in a Decree of Distribution disclosing an off-record contract of sale to one Alexander Waller (now deceased). This contract further complicated the problem.

During the course of my meetings with Mr. Connolly, we came up with the following proposal:

1. Mr. Connolly will convey to Summa by Quitclaim Deed all right title and interest held by him in the 3 subject claims and to the Verdi Lumber Co. as described in his original deed. This will take Connolly out of title to everything including minerals as to these claims.

2. The Waller Estate has agreed to execute a Quitclaim to Connolly upon payment of $5,000 by Connolly. This deed to contain a recital that its purpose is to cancel and rescind the off-record sales contract.

3. Summa will then execute a Quitclaim Deed to Connolly. This deed to RESERVE ALL MINERALS to Summa.
   The description to be used in this deed is to be drawn by me using a survey done by Wally Boundy. It is critical that the Casselli Survey is not used in order to avoid further hiatus or overlaps. The description is to except the portion embracing the Union Oil Co. bulk plant.

4. An excrow is to be initiated at First American Title Company in Las Vegas to accomplish this transaction. ALL costs to be borne by Connolly.

Note (A): At the time of the successful completion of the escrow, Sam Lionel should then be instructed to have dismissed the civil action which was filed June 24, 1974, Case No. A127708 in Clark County District Court.

Note (B): At the conclusion of this transaction we will then be in a position to go ahead with the exchange with Jim Larson (Boundary to Connolly parcel) for the Manhattan lots owned by Larson.

Upon your approval I will proceed to open the escrow and follow through to its conclusion.

Regards,

Russ

RP:sfm

Russell Patterson

Dist: Group 16 file

summa

Internal Communication

Date: July 22, 1975

To: Wally Boundy and Walt Simmons

From: Russ Patterson

Subject: Mary Group

I have checked the records at the courthouse in Goldfield and find the following:

As to the Vale Claim
Loc. Notice filed 1/8/1897
Present Owner: Charles Bennett
No address found.

As to Echo #1, #2, #3 and #4
Loc. Notice filed 9/14/1953
Present Owner (Original Locators): L. L. Vastine, R. W. Baker, W. E. MacBoyle
P. O. Box 526, Goldfield, Nevada.

As to the Vanderbilt Millsite
Loc. Notice filed 12/23/1949
Present Owner: Richard Mitchell (No address available). Note: Taxes applied for by Pittsburg Silver Peak G. M. Co.

As to the Lakeview Claims
Loc. Notices filed 12/2/1966 by James Gavin.
I found no map on file for these claims.

As to the Tarantula Claim
Loc. Notice filed 2/4/1908
Present Owner: Frank Lewis (taxes applied for by Pittsburg Silver Peak G. M. Co.)

As to the Scorpion Claim
Loc. Notice filed 2/4/1908
Present Owner: Robert Mitchell (Taxes applied for by Pittsburg Silver Peak G. M. Co.)

Dist: Dave Gribbin
Mary file

Russ