



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Natural Resources
Division of Forestry, Fire & State Lands

JOEL FERRY
Executive Director

JAMIE BARNES
Director/State Forester

December 13, 2024

US Magnesium LLC c/o CT Corporation System
1108 E South Union Ave
Midvale, UT 84047

RE: Notice of Agency Action on ML-18779
Informal Proceeding – Cancellation of US Magnesium LLC Mineral Lease & Option Agreement

To whom it may concern:

This Notice of Agency Action on Cancellation of ML-18779 serves to notify US Magnesium LLC (“Lessee”) of the decision of the Utah Division of Forestry, Fire & State Lands (the “Division”) to cancel the Mineral Lease & Option Agreement, dated March 8, 1961 between the State Land Board, predecessor-in-interest and right to the Division, and James E. Hogle, George E. Hogle, James G. Macey, Bonneville-on-the-Hill, Rico-Argentine Mining Company, and Kearns-Tribune Corporation, predecessors-in-interest and right to Lessee (the “1961 Lease”), as amended by the Agreement, dated July 31, 1969 between the State Land Board and H-K, Inc. and National Lead Company (the “1969 Agreement”).¹ The 1961 Lease and the 1969 Agreement are attached hereto as Exhibits A and B, respectively, and the 1961 Lease, as amended by the 1969 Agreement, is referred to throughout as the “Operative Agreement.” This Notice of Cancellation is a result of Lessee’s multiple violations of the Operative Agreement, specified in detail below.

1. Notice and Review

Pursuant to Utah law, and upon violation by Lessee, the Division may cancel a mineral lease after 30 days’ notice by registered or certified return receipt mail. Utah Code § 65A-6-8. This Notice serves as notice of the Division’s intent to cancel the Operative Agreement due to Lessee’s violation of provisions 13 and 14 of the Operative Agreement. The Operative Agreement shall be cancelled unless Lessee remedies the identified violations, rectifies the condition, or requests a hearing within thirty (30) days of this notice. Utah Code § 65A-6-8.

Pursuant to Utah Admin. Code R652-8-200(2), all adjudications commenced by the agency shall be initially designated as informal adjudications. Therefore, the Division, through this Notice, has

¹ The Division notes the 1969 Agreement has been further modified between its effective date and the date of this Notice. However, and for purposes of clarity, this Notice is issued with regard to the operative provisions Lessee is presently subject to, found in and enforceable under the 1969 Agreement, as amended.



commenced an informal adjudication regarding the cancellation of the Operative Agreement. The informal adjudication shall comply with the applicable provisions of Utah Code §§ 63G-4-202 and 63G-4-203. *See* Utah Admin. Code R652-8-300. The Division shall hold a hearing if Lessee requests a hearing within the thirty (30) day time period provided by Utah Code § 65A-6-8. Utah Code § 63G-4-203.

2. Violations by Lessee of Operative Agreement

The Division herein details the manner in which Lessee has materially breached the Operative Agreement. Each material breach constitutes an independent basis upon which the Division may cancel the Operative Agreement.

a. Encumbrance

Lessee wrongfully encumbered the Operative Agreement. Specifically, the Operative Agreement expressly states, “[o]ther than by transfer to a subsequent entity composed of one or more of Second Parties, this agreement shall not be assigned, mortgaged, or otherwise encumbered or disposed of in whole or in part without the consent of the State.” *See* Exhibit B, provision 14.

Lessee encumbered the Operative Agreement in at least one instance and did so without notice to or consent from the Division. On January 2, 2024, Lessee pledged to Wells Fargo Bank, National Association all as-extracted collateral “now or hereafter produced from, attributable to, or located at” land “contained within the Great Salt Lake meander line” leased to Lessee under the Operative Agreement. *See* Exhibit C.

This encumbrance constitutes a violation of provision 14 and, thus, the Operative Agreement.

b. Assignment

Lessee cannot assign its rights under the Operative Agreement to a third-party. Again, “[o]ther than by transfer to a subsequent entity composed of one or more of Second Parties, this agreement shall not be assigned, mortgaged, or otherwise encumbered or disposed of in whole or in part without the consent of the State.” *See* Exhibit B, provision 14.

The Division has reason to believe a third party, Broken Arrow, is extracting salts pursuant to Lessee’s agreements with the Division, without the knowledge or prior approval of the Division. To the extent this sub-lease or partial assignment from Lessee to Broken Arrow constitutes any

assignment by Lessee, Lessee is hereby on notice the third-party's operations are being conducted in trespass and, thus, unlawful.²

The Division did not know of or approve any assignment from Lessee to Broken Arrow and, thus, commensurate with this Notice, and unless this Notice is otherwise remedied or Lessee requests a hearing through the processes provided under Utah Code §§ 65A-6-8 and 63G-4-203, the Division hereby demands Lessee cause Broken Arrow to vacate and surrender the Property within thirty (30) days of this Notice.

c. Violation of State Law

Lessee violated its obligations by violating State law. The Operative Agreement was made pursuant to applicable law, including "the rules and regulations of the departments and agencies of the State of Utah presently in effect and to such rules and regulations as may be hereafter promulgated by the State, provided that any such law and any such rules and regulations do not impair the rights granted hereunder or enlarge any obligations hereby assumed." *See* Exhibit B, provision 13.

Lessee shall not "cause pollution... in any navigable lake... to exceed these limits which are set by ordinance, law or inter-governmental treaty." Utah Admin. Code R652-20-3000(2). Yet, Lessee did exactly that when it caused hazardous waste to be placed on the bed of Great Salt Lake, in violation of, at least, Utah Code § 19-6-113. Regardless of whether Utah Code § 19-6-113 or Utah Admin. Code R652-20-3000 were enacted after Lessee entered into the Operative Agreement, this regulation does not affect the "validity, construction, [or] enforcement" of the contract between" Lessee "and the Division." *Trail Mountain Coal Co. v. Utah Div. of State Lands & Forestry*, 921 P.2d 1365, 1370 (Utah 1996). Thus, the Contract Clause of the Utah Constitution does not prevent the application of this regulation to Lessee's obligations under provision 13. *Id.* ("The Contract Clause does not "protect against all changes in legislation, regardless of the effect of those changes on bargained-for agreements."" *Citation omitted.*)

For the reasons stated above, Lessee violated provision 13 of the Operative Agreement.

d. Habendum Clause

Lessee cannot fulfill its obligations under the Operative Agreement by employing or otherwise engaging a third-party to produce minerals. The Operative Agreement is for a term of forty-nine (49) years, commencing March 8, 1961, and "shall continue so long thereafter as salts in commercial quantities are processed or produced hereunder." *See* Exhibit B, provision 21.

² A person is guilty of a class B misdemeanor and liable for civil damages if, without written authorization from the Division, the person removes, extracts, uses, consumes, or destroys any mineral resources on state lands. Utah Code § 65A-3-1(2)(a).

The Division has reason to believe Lessee is utilizing Broken Arrow's production of minerals as evidence Lessee is producing salts in commercial quantities. Lessee is hereby on notice that a third party cannot satisfy the requirement Lessee is required to show that it is producing salts in commercial quantities, particularly a third-party operating on sovereign lands outside of any authorization issued by the Division. Lessee may not depend on a third party to demonstrate the production of a leased mineral in "commercial quantities;" instead, Lessee itself has the burden to "demonstrate the capability of producing" the lease mineral "in commercial quantities." *Benton v. State*, 709 P.2d 362, 366-367 (Utah 1985).

3. Provisions 22 and 25

The 1961 Lease provided "this lease and option is made subject to law and to the rules and regulations of the State Land Board, and to such rules and regulations as may be hereafter promulgated by the State." *See* Exhibit A, provision 8.

The Operative Agreement provides, in the event "of a default or violation of this agreement," Lessee "shall have an opportunity to be heard before the State Land Board with respect to such matter and if aggrieved within thirty (30) days after the Board's determination to take any further action which may be available" to Lessee under the law. *See* Exhibit B, provision 22. Additionally, the "State shall not have the right to cancel this agreement except for a failure of [Lessee] to comply with the final determination provided for under" provision 22. *Id.* at provision 25. "In connection with any termination or cancellation by the State and" provision 22, Lessee "shall have all rights of judicial and administrative review of any Board determination to which they may be entitled under the law." *Id.*

The State Land Board is no longer in existence. Accordingly, performance of provision 22 in the Operative Agreement is impossible.³ However, the Operative Agreement contemplated all

³ In Utah, the most "basic rule of contract interpretation is that the intent of the parties is to be ascertained from the content of the instrument itself... Each contract provisions is to be considered in relation to all of the others, with a view toward giving effect to all and ignoring none." *Plateau Min. Co. v. Utah Div. of State Lands and Forestry*, 802 P.2d 720, 725 (Utah 1990). However, there is no unenforceability due to ambiguity here, merely impossibility. A provision is deemed impracticable or impossible, and thus "excuses a party's performance[,] "if an unforeseen event occurs after formation of the contract and without fault of the obligated party, which event makes performance for the obligation impossible or highly impracticable." *Central Utah Water Conservancy Dist. v. Upper East Union Irr. Co.*, 321 P.3d 1113, 1120 (Utah 2013). Moreover, contract provisions are severable "if the primary purpose of the contract could still be accomplished following severance." *Sosa v. Paulos*. 924 P.2d 357, 363 (Utah 1996). The hearing procedures in provisions 22 and 25 do not affect the extraction or production of minerals in any way. As a result, provisions 22 and 25 are impossible, unenforceable, and must be considered severed.

“benefits and liabilities” would “inure to” and “be binding upon all boards, commissions, and agencies of the State involved hereunder, including the State Land Board, and upon all successor boards, commissions and agencies of the State involved at any time or from time to time with the subject matter of this agreement.” *See* Exhibit B, provision 28. The Division, as a successor agency to the original contracting party, the State Land Board, has statutory authority to cancel a mineral lease pursuant to Utah Code § 65A-6-8 and has authority providing for a clear, informal appeal process, pursuant to Utah Code § 63G-4, Utah Administrative Procedures Act. Thus, while provisions 22 and 25 of the Operative Agreement are impossible to carry out, Lessee is still offered significant opportunity for recourse under Utah Code §§ 65A-6-8 and 63G-4-203.

4. Vacation of Premises

Commensurate with this Notice, and unless this Notice is otherwise remedied or Lessee requests a hearing through the processes provided under Utah Code §§ 65A-6-8 and 63G-4-203, the Division hereby demands Lessee vacate and surrender the leased lands under the Operative Agreement by January 13, 2025 (“Date of Cancellation”).

Sincerely,



Jamie Barnes, Presiding Officer
Director, Division of Forestry, Fire & State Lands
1594 W North Temple, #3520
Salt Lake City, UT 84116

EXHIBIT A

1961 Lease and Option Agreement

LEASE AND OPTION AGREEMENT

THIS AGREEMENT is made and entered into in duplicate this 8th day of March, 1961, by and between the State Land Board, acting in behalf of the State of Utah, hereinafter referred to as the "State", First Party, James E. Hogle, George H. Hogle and James G. Macey, individuals, Bonneville-on-the-Hill, Rico-Argentine Mining Company and Kearns-Tribune Corporation, all Utah corporations, Second Parties, and hereinafter collectively designated as "Bonneville"

WITNESSETH:

WHEREAS, the State and Bonneville have entered into an agreement for the extraction of magnesium chloride from the waters of Great Salt Lake and the land and water areas herein described are to be used by Bonneville in connection therewith;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, it is agreed as follows:

1. The State does hereby lease to Bonneville the surface rights to the following described tracts of land situated in Tooele County, State of Utah:

Commencing at the intersection of the Meander Line and the East boundary of T. 1 S., R. 4 W., thence North to the mid-point of the East boundary of T. 1 S., R. 4 W., thence South $63^{\circ} 26'$ West 35,420 feet, more or less, to the Southwest corner of T. 1 S., R. 4 W., thence West 2 miles, thence North 2 miles, thence West 1 mile, thence North 2 miles, thence West approximately 1 mile to the Meander Line, thence South and East along the Meander Line to the point of beginning.

Also, Secs. 1 and 12, T. 1 N., R. 7 W., Secs. 12,

13, 24, 25 and 36 in T. 2 N., R. 7 W., and Secs.
7 and 8 in T. 2 N., R. 6 W.

Said tracts contain fourteen thousand seven hundred twenty (14,720) acres, more or less, and Bonneville agrees to pay to the State, on or before the first day of each year, in advance, during the term hereof, the sum of fifty cents (50¢) per acre per year as rent.

2. Additionally, the State does hereby grant to Bonneville an option to lease, excluding the acreage heretofore described in paragraph 1, and also excluding mineral leases numbered 8958 and 9300 previously issued by the State, the surface rights in all of the land contained and lying between the area bounded as follows:

Commencing at the intersection of the Meander Line and the East boundary of T. 1 S., R. 4 W.; thence North to the mid-point of the East boundary of T. 1 S., R. 4 W., thence South $63^{\circ} 26'$ West 35,420 feet, more or less, to the Southwest corner of T. 1 S., R. 4 W., thence West 1 mile, thence North 5 miles, thence West 1 mile, thence North 1 mile, thence West 1 mile, thence North 4 miles, thence West 1 mile, thence North 3 miles, thence West 1 mile, thence North 6 miles, thence West 1 mile, thence North 3 miles, thence West 4 miles, thence North 3 miles, thence West to the intersection of the Meander Line in T. 3 N., R. 9 W.; thence along the Meander Line to the starting point.

Said tracts contain one hundred five thousand six hundred (105,600) acres, more or less, for which Bonneville agrees to pay to the State, on or before the first day of each year, in advance, during the term hereof, the sum of two and one-half cents ($2\frac{1}{2}$ ¢) per acre per year as the option price.

The option hereby granted shall be for an initial term of five (5) years, but shall be extended, but for an additional three (3) years only, provided that on or prior to five (5) years from date hereof Bonneville's

total investment made or committed in this operation shall not be less than Two Million Dollars (\$2,000,000.00).

3. Concerning the above described optioned acreage set forth in paragraph 2, it is agreed that as and when portions thereof are put to productive use by reason of erecting buildings thereon, creating evaporating ponds or areas, ditches, flumes or other facilities, then the option shall be considered to have been exercised, and the acreage shall immediately increase to a total of fifty cents (50¢) per acre for each such acre productively used.

It is further understood and agreed that, notwithstanding the existence of this present lease and option, the State may, if it so desires, lease to third parties all or any portions of unimproved acreage hereby leased or optioned, so long as the use by said third parties is not incompatible to the operations of Bonneville, and so long as the tenancy of said third parties shall terminate within ninety (90) days of notice from Bonneville that it intends to put the acreage to productive use, as hereinabove set forth.

Lease by the State to third parties shall in no wise relieve Bonneville of its obligation to make the rental or option payments herein reserved, or provided for, nor shall Bonneville be in any manner entitled to any payments such third parties shall pay to the State.

4. It is specifically understood and agreed that within six (6) months of receipt of written notice from the State, Bonneville will release and relinquish a completely contiguous tract of five thousand (5,000) acres east of the 112° 30' Meridian, and a completely contiguous tract of five thousand (5,000) acres west of said Meridian. The selection of the contiguous acreage to be thus released shall be solely within the province

Non-exclusivity
of leasing

of Bonneville. If prior to release and relinquishment Bonneville shall be paying in excess of Ten Thousand Dollars (\$10,000.00) yearly rental and option price, then as to the acreage so relinquished the rental and option price paid therefor shall be abated, except that in all events Bonneville shall pay a minimum yearly rental and option price throughout the term of this agreement of Ten Thousand Dollars (\$10,000.00) per year.

5. Bonneville shall have the right to use all of the leased premises in this agreement contained for the extraction of magnesium chloride from the waters of Great Salt Lake, and the production or manufacture of anhydrous magnesium chloride.

6. Nothing in this agreement shall be construed to prohibit State from granting or conveying easements in the premises hereby leased for the installation and maintenance of roads, power lines, pipe lines or other facilities to serve the tracts herein agreed to be relinquished by the lessee or other tracts within or without the leased premises. If such facilities are so located as to interfere with Bonneville's operations or damage Bonneville's facilities, Bonneville shall be compensated for such interference or damage by the grantee of such easement, and any facilities installed pursuant to such easement shall be relocated at the grantee's expense if relocation is necessary to permit the full exercise of the rights granted Bonneville herein.

7. This agreement shall terminate twelve (12) years from date hereof, or upon termination of the royalty agreement of even date, between Bonneville and the State, whichever is sooner. Upon termination of this agreement, title to the salts and other products remaining in any

Non-exclusivity
for easements
(1961)

evaporating ponds, together with any and all water rights acquired by Bonneville by appropriation and easements acquired by Bonneville in connection with its operation under this royalty agreement shall revert to and become the property of the State (unless Bonneville desires to continue to extract minerals from the Great Salt Lake on private or federal land).

8. This lease and option is made subject to law and to the rules and regulations of the State Land Board, and to such rules and regulations as may be hereafter promulgated by the State.

9. Other than by transfer to a subsequent entity composed of one or more of second parties, this lease and option shall not be assigned, mortgaged or otherwise encumbered or disposed of in whole or in part without the consent of the State.

10. The State, or its officers or agents, shall have the right to enter upon the leased and optioned premises at all reasonable times to inspect the workings thereon.

11. It is contemplated that ML 17950, previously issued by State to James G. Macey, will be assigned by him to Bonneville, and the lands described therein are considered by the parties to be a part of the premises to which this agreement relates. State acknowledges receipt from Macey of Nine Hundred Sixty Dollars (\$960.00) and accepts that payment as partial payment of the Ten Thousand Dollars (\$10,000.00) agreed to be paid by Bonneville as the first year's rental and option price hereunder.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed this 8th day of MARCH, 1961.

STATE OF UTAH, STATE LAND BOARD

APPROVED AS TO FORM:
WALTER L. BUDGE
ATTORNEY GENERAL
By Ronald H. Boyce

By Frank J. Allen
First Party

James E. Hogle
James E. Hogle, an individual

George H. Hogle
by James E. Hogle atty in fact
George H. Hogle, an individual

James G. Macey
James G. Macey, an individual

BONNEVILLE-ON-THE-HILL

Attest:

L. J. Lennell

By James E. Hogle
President

RICO-ARGENTINE MINING COMPANY

Attest:

L. J. Lennell

By Shannon D. Hensley
President

KEARNS-TRIBUNE CORPORATION

Attest:

G. J. Hession

By W. G. Gallivan
Pres.

Second Parties

STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)

On this 8 day of March, 1961, personally appeared before me JAMES E. HOGLE, the signer of the foregoing instrument, who duly acknowledged to me that he executed the same.

Larue Lamber
Notary Public
Residing at: Salt Lake City, Utah

My commission expires:
Nov 12, 1964

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 8 day of March, 1961, personally appeared before me JAMES E. HOGLE, who signed the foregoing instrument as attorney in fact for George H. Hogle, who duly acknowledged to me that he executed the same.

Lalene Lauber
Notary Public
Residing at Salt Lake City, Utah

My commission expires:
Nov 12, 1964

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 8 day of March, 1961, personally appeared before me JAMES G. MACEY, the signer of the foregoing instrument, who duly acknowledged to me that he executed the same.

Lalene Lauber
Notary Public
Residing at Salt Lake City, Utah

My commission expires:
Nov 12, 1964

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On this 8 day of March, 1961, personally appeared before me James E. Hogle and L.J. Lerwill, who being by me duly sworn did say, each for himself, that he, the said James E. Hogle is the President, and he, the said L.J. Lerwill is the Secretary of BONNEVILLE-ON-THE-HILL, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said James E. Hogle and L.J. Lerwill each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Lalene Lauber
Notary Public
Residing at Salt Lake City, Utah

My commission expires:
Nov 12, 1964

STATE OF UTAH)

: ss.

COUNTY OF SALT LAKE)

On this 7 day of March, 1961, personally appeared before me Shermon B. Hinckley and L.J. Lerwill, who being by me duly sworn did say, each for himself, that he, the said Shermon B. Hinckley is the President, and he, the said L. J. Lerwill is the Secretary of RICO-ARGENTINE MINING COMPANY, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors and said Shermon B. Hinckley and L.J. Lerwill each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Lalene Lauber
Notary Public

Residing at: Salt Lake City, Utah

My commission expires:

Nov 12, 1964

STATE OF UTAH)

: ss.

COUNTY OF SALT LAKE)

On this 8 day of March, 1961, personally appeared before me J. W. Gallivan and B.J. Hession, who being by me duly sworn did say, each for himself, that he, the said J. W. Gallivan is the President, and he, the said B. J. Hession is the Secretary of KEARNS-TRIBUNE CORPORATION, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors and said J. W. Gallivan and B.J. Hession each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Lalene Lauber
Notary Public

Residing at: Salt Lake City, Utah

My commission expires:

Nov 12, 1964

11-10-80
TO Amax Magnesium Corp
OF Paisiparry NJ
STATE LAND BOARD
By Sp. as on

11-10-80
TO Amax Magnesium Corp
OF Paisiparry NJ
STATE LAND BOARD
By Sp. as on

TO: Amax Magnesium Corp
OF: Paisiparry NJ
STATE LAND BOARD
By: Sp. as on

TO: Amax Magnesium Corp
OF: Paisiparry NJ
STATE LAND BOARD
By: Sp. as on

TO: Amax Magnesium Corp
OF: Paisiparry NJ
STATE LAND BOARD
By: Sp. as on

EXHIBIT B
1969 AGREEMENT

AGREEMENT

THIS AGREEMENT is made and entered into in triplicate this 31st day of July, 1969, between the State of Utah, acting by and through the State Land Board, hereinafter sometimes referred to as the "State", First Party, and H-K, Inc., a Utah corporation, with its principal office in the Kearns Building, Salt Lake City, Utah 84101, hereinafter sometimes referred to as "H-K", and National Lead Company, a New Jersey corporation, having a place of business at 111 Broadway, New York, New York 10006, hereinafter sometimes referred to as "National", Second Parties.

WITNESSETH:

WHEREAS, the State is the owner of the waters and the salts therein of the Great Salt Lake and has the power to grant rights therein and rights pertaining thereto, and H-K and National desire to extract the salt magnesium chloride and other salts and minerals contained in said waters and on the surface of the lands leased hereunder; and

WHEREAS, by Agreement dated March 8, 1961 the State and Bonneville-On-The-Hill, a Utah corporation, referred to therein as "Bonneville", did enter into Royalty Agreement ML-18779 for extraction of the salt magnesium chloride contained in the waters of the Great Salt Lake; and

WHEREAS, said Royalty Agreement was amended by the State and Bonneville by an agreement dated October 13, 1961; and

WHEREAS, by Lease and Option Agreement dated March 8, 1961, also designated ML-18779, the State granted James E. Hogle,

1969
Lease + Royalty
Agreement

George H. Hogle and James G. Macey, individuals, Bonneville-On-The-Hill, Rico-Argentine Mining Company and Kearns-Tribune Corporation, all Utah corporations, collectively designated therein as "Bonneville", a lease for certain acres of land and options to lease certain additional acres of land in the bed of the Great Salt Lake, said land and the water areas to be used in connection with the extraction of salt magnesium chloride and other salts and minerals from the waters of Great Salt Lake; and

WHEREAS, said Lease and Option Agreement was amended by the parties thereto, above named, with James G. Macey no longer a party in interest and not included, by an Option Agreement dated April 22, 1964; and

WHEREAS, the aforesaid Royalty and Lease and Option Agreements were further amended by an Agreement dated September 15, 1964, between the State and James E. Hogle and George H. Hogle, individuals, Bonneville-On-The-Hill, Rico-Argentine Mining Company, Kearns-Tribune Corporation, all Utah corporations, collectively called "H-K" therein; and National Lead Company, a corporation; and

WHEREAS, the aforesaid Royalty and Lease and Option Agreements were further amended by an Agreement dated May 3, 1965 between the State and James E. Hogle and George H. Hogle, individuals, Bonneville-On-The-Hill, Rico-Argentine Mining Company and Kearns-Tribune Corporation, all Utah corporations, collectively called "H-K" therein; National Lead Company, a New Jersey corporation; and Hooker Chemical Corporation, a New York corporation; and

WHEREAS, all of the aforesaid parties, except the State, at various times entered into a joint venture for the extraction of the salt magnesium chloride and other salts and minerals contained in the waters of the Great Salt Lake, and James G. Macey and Hooker Chemical Corporation are no longer parties to such joint venture, having heretofore yielded up or withdrawn from any interest therein, and such venture has operated under various names including "Bonneville", "H-K", and "The Magnesium Project"; and

WHEREAS, James E. Hogle and George H. Hogle, individuals, Bonneville-On-The-Hill Company, Rico-Argentine Mining Company and Kearns-Tribune Corporation, all Utah corporations, said parties being all of the present parties to The Magnesium Project except National Lead Company, by Assignment and Agreement dated February 7, 1969, transferred all of their interests in the Magnesium Project and all of their interests in the above agreements with the State to H-K, Inc., a Utah corporation, of Salt Lake City, Utah; and

WHEREAS, said Royalty Agreement and said Lease and Option Agreement were further amended by an Agreement, dated February 17, 1969, between the State Land Board and H-K, Inc. and National Lead Company to include, among other things, the extraction of the other salts and minerals contained in the waters of the Great Salt Lake; and

WHEREAS, the State Land Board, H-K, Inc. and National Lead Company, the parties to this agreement and the parties in interest herein as a result of the aforesaid, desire to restate

their agreement pertaining to the extraction of the salt magnesium chloride and other salts and minerals contained in the waters of the Great Salt Lake as of the date above written, in order to eliminate matters set forth in the foregoing agreements which are no longer applicable, and in order to amend said agreements so as to set forth herein the present rights and obligations of said parties;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter contained, the parties hereto do hereby agree as follows:

1. As used in this agreement the word "salts" means all salts and other minerals or chemicals extracted from the waters of the Great Salt Lake, or the surface of leased acreage.

2. The State does hereby transfer and lease to Second Parties the surface rights, and all the rights in, on, over and pertaining thereto, together with any and all interests therein and improvements thereon, except as hereinafter expressly otherwise provided, to the following described tracts of land situated in Tooele County, State of Utah:

Commencing at the intersection of the Meander Line and the East Boundary of T. 1 S., R. 4 W., thence North to the mid-point of the East boundary of T. 1 S., R. 4 W., thence South 63° 26' West 35,420 feet, more or less, to the Southwest corner of T. 1 S., R. 4 W., thence West 2 miles, thence North 2 miles, thence West 1 mile, thence North 2 miles, thence West approximately 1 mile to the Meander Line, thence South and East along the Meander Line, to the point of beginning.

Also Secs. 1 and 12, T. 1 N., R. 7 W., Secs. 12, 13, 24, 25 and 36 in T. 2 N., R. 7 W., and Secs. 7 and 8 in T. 2 N., R. 6 W.

TRACT A
T1N, R6W, SLB&M
Bed of the Great Salt Lake in:
Sec. 5
Sec. 6
Sec. 7
Sec. 8
Sec. 17
Sec. 18

T1N, R7W, SLB&M
Bed of the Great Salt Lake in:
Sec. 1
Sec. 2
Sec. 3
Sec. 4
Sec. 5
Sec. 6
Sec. 7
Sec. 8
Sec. 9
Sec. 10
Sec. 11
Sec. 12
Sec. 13
Sec. 14
Sec. 15
Sec. 16
Sec. 17
Sec. 18: E½

T2N, R6W, SLB&M
Bed of the Great Salt Lake:
Sec. 3
Sec. 4
Sec. 5
Sec. 6
Sec. 7
Sec. 8
Sec. 9
Sec. 16
Sec. 17
Sec. 18
Sec. 19
Sec. 20
Sec. 29
Sec. 30
Sec. 31
Sec. 32

T2N, R7W, SLB&M
Bed of the Great Salt Lake:
Sec. 1
Sec. 2
Sec. 3
Sec. 4
Sec. 5
Sec. 6
Sec. 7
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Sec. 11
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Sec. 30
Sec. 31
Sec. 32
Sec. 33
Sec. 34
Sec. 35
Sec. 36

T2N, R8W, SLB&M
Bed of the Great Salt Lake:
Sec. 1
Sec. 2
Sec. 3
Sec. 11
Sec. 12
Sec. 13
Sec. 14
Sec. 24
Sec. 25

T3N, R6W, SLB&M
Bed of the Great Salt Lake:
Sec. 13: Portions of
Sec. 14: Portions of
Sec. 22: Portions of
Sec. 23: Portions of
Sec. 26: Portions of
Sec. 27: Portions of
Sec. 31: SW¼, S½SE¼
Sec. 33: E½
Sec. 34: W½

T3N, R7W, SLB&M
Bed of the Great Salt Lake:
Sec. 16
Sec. 17
Sec. 18
Sec. 19
Sec. 20
Sec. 21
Sec. 28
Sec. 29
Sec. 30
Sec. 31
Sec. 32
Sec. 33
Sec. 36: E½SE¼

T3N, R8W, SLB&M
Sec. 13
Sec. 14
Sec. 15: Portions of
Sec. 22: Portions of
Sec. 23
Sec. 24
Sec. 25
Sec. 26: Portions of
Sec. 27: Portions of
Sec. 35: Portions of
Sec. 36:

Above parcels (TRACT A) being more particularly described as follows:

Beg at a point on the meander line of the Great Salt Lake, said point being the intersection of the meander line and the N section line of Sec. 18, T1N, R7W, SLB&M, th NW'ly along said meander line a distance of approx. 10.5 miles to the point of intersection with the N line of Sec. 3, T2N, R8W; th E approx. 0.73 mile along the section lines to the intersection with the E line of the State Right-of-Way #1126 (described hereafter); th NW'ly along said E Right-of-Way line approx. 4.25 miles to the intersection with the N line of Sec. 15, T3N, R8W; th E along the section lines approx. 5.85 miles to the NE cor of Sec. 16, T3N, R7W; th S along the section lines approx. 4 miles to the SE cor of Sec. 33 T3N, R7W; th E approx. 2.75 miles to the SW cor of the SE¼SE¼ Sec. 36, T3N, R7W; th N approx. 0.5 mile to the NW cor of the NE¼SE¼ of Sec. 36; th E approx. 0.75 mile to the center of Sec. 31, T3N, R6W; th S approx. 0.25 mile to the NE cor of the SE¼SW¼ of Sec. 31; th E approx. 0.5 mile to the NE cor of SE¼SE¼ of Sec. 31; th S approx. 0.25 mile to NW cor of Sec. 5, T2N, R6W; th E along section lines approx. 1.5 miles to SE cor of SW¼ of Sec. 33, T3N, R6W; th N approx. 1.0 mile to NE cor of NW¼ of Sec. 33; th E along section lines to a point 1500' E of W cor of Sec. 34, T3N, R6W, said point being the pob of the center line of a parcel of land 500' wide extending NE'ly; th NE'ly along said center line approx. 3.7 miles to NE cor of NW¼ of Sec. 13, T3N, R6W; com again at the intersection of said center line with the N line of Sec. 34; th E approx. 0.2 mile to NE cor of NW¼ of Sec. 34. th S approx. 1.0 mile to the SW cor of SE¼ of Sec. 34; th E approx. 0.5 mile to NE cor of Sec. 3, T2N, R6W; th S approx. 1.0 mile to SE cor of Sec. 3; th W approx. 0.7 mile along section line of Sec. 3 to intersection with meander line; th N'ly along meander line approx. 0.5 mile th S'ly along meander line approx. 8.4 miles to intersection with N line of Sec. 20, T1S, R6W; th W along said line approx. 7.0 miles to intersection of meander line and N line of Sec. 19, T1N, R7W; th following meander line to intersection of meander line and center line of Sec. 18, T1N, R7W; th N along line to N line of Sec. 18; th W to meander line on the N line of Sec. 18 and the pob.
Containing 62,209.55 acres, m/1.

TRACT B:
T1N, R6W, SLB&M
Sec. 25: Portions of
Sec. 26: Portions of

T1N, R5W, SLB&M
Sec. 28: Portions of
Sec. 29: Portions of

Above parcels (TRACT B) of land are more particularly described as follows:

That portion of Sec. 26, T1N, R6W, within meander line and set off within limits of a strip of land 500' wide centered about its center line comm at meander cor located on E line of Sec. 26, approx. 0.44 mile N of SE cor of Sec. 26; th extending S 44 deg. W; comm at the above said meander cor; th E'ly along center line of a strip of land 500' wide approx. 3.5 miles to a point on the E line of SW¼ of Sec. 28, T1N, R5W; said point being 250' S of NE cor of said SW¼ of Sec 28. (213.00 acres m/1)

TRACT C
T6N, R9W, SLB&M
Sec. 14: Portions of
Sec. 15: Portions of
Sec. 16: Portions of
Sec. 21: Portions of
Sec. 22: Portions of
Sec. 23: Portions of
Sec. 24
Sec. 25
Sec. 26: Portions of
Sec. 35: Portions of

The above parcels (TRACT C) of land are more particularly described as follows:

Beg at SE cor of Sec. 36, T6N, R9W; th W along section line approx. 0.5 mile to intersection with meander line; th NW'ly along said meander line approx. 6.1 miles to intersection with a line running parallel to and 500' N of N line of Sec. 21, T6N, R9W; th E along said line parallel to section lines, approx. 2.85 miles to intersection with E line of Sec. 14, said point being 500' N of SE cor of Sec. 14; th S 500' to SE cor of Sec. 14; th E approx. 1 mile to NE cor of sec 24; th S along section lines approx. 3 miles to SE cor of Sec. 36, T6N, R9W, and the pob. (containing 3,442.00 acres m/1)

TRACT D
T3N, R8W, SLB&M.
T4N, R8W, SLB&M.
T5N, R8W, SLB&M.
T5N, R9W, SLB&M.
Being more particularly described as follows:
Beg at SE cor of SW¼ Sec. 35, T3N, R8W; th NW'ly along center line of right-of-way approx. 7.4 miles to NW cor of Sec. 33, T4N, R8W; th NW'ly along said center line approx. 9.6 miles to a point on S line of Sec. 36, T6N, R9W, said point being 1,000' W of SE cor of Sec. 36. Said described line being center line of right-of-way, consisting of 150' on each side of center line and totaling 300' in width. The right-of-way is approx. 17 miles long and contains 618 acres, m/1.

TRACTS A, B,C, & D contain 66,482.05 acres, m/1.

Add to ML 18779-SV
T1N, R6W, SLB&M
Sec. 19
Sec. 20
Sec. 29
Sec. 30
Sec. 31

T1N, R7W, SLB&M
Sec. 18: W½
Sec. 19
Sec. 20
Sec. 21
Sec. 22
Sec. 23
Sec. 24
Sec. 25
Sec. 26
Sec. 27
Sec. 28
Sec. 33
Sec. 34
Sec. 35
Sec. 36

Above parcels of land being more particularly described as follows:

Beg at a point on the meanderline of the Great Salt Lake, said point being the intersection of the meanderline and the N section line of Sec. 18, T1N, R7W, SLB&M, th E to the center line of Sec. 18, th S to the intersection of the center line of Sec. 18 & the meanderline; th N'ly along meander line to pob. This tract covers that part of the Bed of the Great Salt Lake in the W¼ of Sec. 18, T1N, R7W, SLB&M. ALSO, beg at a point on the meanderline, said point being the NE cor of Sec. 1, T1S, R7W, th W along said meanderline a distance of approximately 1.5 miles; th NW'ly along said meanderline a distance of approx. 2.0 miles to the point of intersection with the N line of Sec. 20, T1N, R7W; th E approx. 7.0 miles to the intersection of the N line of Sec. 20, T1N, R6W, SLB&M and the meanderline; th SW'ly along said meanderline approx. 5.0 miles to the intersection with the E line of Sec. 1, T1S, R7W; th N along said E line approx. .5 mile to the NE corner of said Sec. 1 and th pob.

THIS PARCEL CONTAINING IN ALL 9,127.95 ACRES

TOTAL ACREAGE FOR ML 18779-SV IS NOW 75,610 ACRES.

Said tracts contain fourteen thousand seven hundred twenty (14,720) acres, more or less.

Second Parties agree to pay to the State, on or before the first day of each year, in advance, during the term hereof, the sum of fifty cents (50¢) per acre per year as rent.

3. Additionally, the State does hereby grant to Second Parties an option to lease (which option is exclusive of the lease of lands heretofore described in section 2 above, and is exclusive also of lands covered in mineral leases numbered 8958 and 9300 previously issued by the State) the surface rights in, to and over all of the land contained in and lying between the area bounded as follows:

Commencing at the intersection of the Meander Line and the East boundary of T. 1 S., R. 4 W.; thence North to the mid-point of the East boundary of T. 1 S., R. 4 W., thence South $63^{\circ} 26'$ West 35,420 feet, more or less, to the Southwest corner of T. 1 S., R. 4 W., thence West 1 mile, thence North 5 miles, thence West 1 mile, thence North 1 mile, thence West 1 mile, thence North 4 miles, thence West 1 mile, thence North 3 miles, thence West 1 mile, thence North 6 miles, thence West 1 mile, thence North 3 miles, thence West 4 miles, thence North 3 miles, thence West to the intersection of the Meander Line in T. 4 N., R. 9 W.; thence along the Meander Line to the starting point.

There is excepted from the above description the following tracts heretofore released and relinquished:

- A. Contiguous tract East of the $112^{\circ}30'$ meridian containing 5120 acres described as:

Commencing at a point (which coincides with turning point 12, including the point of commencing, in the description contained above in section 3) which is two miles West and seven miles North of center of the North

boundary line of Township 1 S R 5 W Salt Lake Base and Meridian, thence West 1 mile, thence North 5 miles, thence West 1 mile, thence North 2 miles, thence East 1 mile, thence South 1 mile, thence East 1 mile, thence South 6 miles to point of beginning.

- B. Contiguous tract West of the $112^{\circ}30'$ meridian containing 5120 acres described as:

Commencing at a point (which coincides with turning point 17, including the point of commencing in the description contained above in section 3), which is 19 miles North and 7 miles West of the center of the North boundary line of Township 1 S R 5 W Salt Lake Base and Meridian, thence South 1 mile, thence West 8 miles, thence North 1 mile, thence East 8 miles to the point of beginning.

Said optioned tracts contain some 105,600 acres, less 10,240 acres, or 95,360 acres, more or less, for which Second Parties agree to pay to the State, on or before the first day of each year, in advance, during the term hereof, the sum of five cents (5¢) per acre per year as the option price for the lands described in this section 3.

4. Additionally, the State does hereby grant to Second Parties an option to lease the surface rights in, to and over all of the land contained in and lying between the area bounded as follows:

Starting at the south line of T. 6 N., R. 9 W., SL and following N. Westward along the Meander Line between State and Federally owned land to the intersection of this line with the west line of T. 6 N., R. 9 W., thence westward and Northwestward along the aforesaid Meander Line to its intersection with the South line of T. 7 N., R. 10 W., thence northerly to the intersection of aforesaid line with the North line of T. 7 N., R. 10 W., thence East along said township line to the NE corner of T. 7 N., R. 10 W., thence South along East line of said township 3 miles, thence East 3 miles, thence South 3 miles to the South Boundary of

T. 7 N., R. 9 W., thence Eastward along said township boundary 2 miles, thence South 4 miles, thence East 1 mile, thence south 3 miles, thence west to point of beginning, being approximately 37,000 acres, more or less.

Second Parties agree to pay to the State, on or before the first day of each year, in advance, during the term hereof, the sum of five cents (5¢) per acre per year as the option price for the lands described in this section 4.

5. Second Parties acknowledge the existence of the statutorily created Great Salt Lake Authority, and are cognizant of its objectives and purposes as regards the development of the Great Salt Lake and its environs. Second Parties shall have no recourse against the State of Utah or the Great Salt Lake Authority for damages sustained by reason of any reasonable fluctuation of the water level of the Great Salt Lake which might arise due to diking or other construction.

State recognizes that in the use and development of the leased and optioned lands covered by this agreement Second Parties will require a right of way or rights of way for installation and maintenance of canals, roads, power lines, pipelines and other facilities along the west shore of Great Salt Lake between the optioned land described in section 4 hereof and the leased and optioned lands described in sections 2 and 3 above. State agrees to grant to Second Parties such easements or rights of way as may be necessary or appropriate to construct and maintain such facilities, the sole costs, including maintenance, to be borne by Second Parties.

6. It is acknowledged and agreed that the option provided for in section 3 above was granted for an initial term of five (5) years from March 8, 1961, but was thereafter extended, but for an additional three (3) years only, by reason of the fact that on or prior to five (5) years from March 8, 1961 Second Parties, or their predecessors in interest, total investment made or committed in this operation was not less than Two Million Dollars (\$2,000,000.00), and such option is hereby extended for an additional one (1) year through March 7, 1970. Such additional year extension expressly includes all the options granted above by sections 3 and 4. The option price to be paid for such additional year shall be the sum of five cents (5¢) per acre per year for all optioned lands and acreage, as set forth above.

In all events Second Parties shall pay a minimum yearly lease rental and option payment throughout the term of this agreement which shall total no less than Ten Thousand Dollars (\$10,000.00) per year. Any lease rental payments shall be credited against royalties payable under this agreement during the calendar year when the lease rental payments are actually paid by Second Parties.

7. Concerning the above described optioned acreage set forth in sections 3 and 4, it is agreed that as and when portions thereof are put to productive use by reason of erecting buildings thereon, creating evaporating ponds or areas, ditches, flumes or other facilities, or by reason of written notice(s) of exercise of option in whole or in part from time

Non-exclusivity

to time sent to State by Second Parties, then the option shall have been exercised, and the acreage rental on such acreage, which shall be leased on the same terms and conditions as provided above in section 2, shall immediately increase to a total of fifty cents (50¢) per acre for each such acre productively used or as to which the option has been otherwise exercised, without diminishing or otherwise affecting the options of lands not thereupon productively used or as to which the option is not then exercised.

8. Second Parties shall have the right to use all of the leased premises contained in this agreement for the extraction of magnesium chloride and other salts from the waters of Great Salt Lake, together with the right to mine, extract or remove salts from the surface of the lands leased hereunder subject to payment of royalties as provided in section 17, and the production, manufacture, processing and sale thereof, with the further right in connection with conserving the value of salts in the brines of the Great Salt Lake to discharge to the Great Salt Lake all excess and residue brines, salts, treated sewage effluents conforming to Utah State laws and all wash waters from any source whatsoever without liability pertaining to such discharge, provided, however, such wash waters shall not be substantially incompatible with the chemistry of the Great Salt Lake.

9. It is further understood and agreed that, notwithstanding the existence of this present agreement, the State may, if it so desires, lease to third parties all or any

portions of unimproved acreage hereby optioned, so long as the use by said third parties is not incompatible to the actual or proposed operations of Second Parties, and so long as the tenancy of said third parties shall terminate within ninety (90) days of notice from Second Parties that they intend to put the acreage to productive use or otherwise exercise their option, as hereinabove set forth.

Lease by the State to third parties shall in no wise relieve Second Parties of their obligation to make the rental or option payments herein reserved, or provided for, nor shall Second Parties be in any manner entitled to any payments such third parties shall pay to the State.

10. Nothing in this agreement shall be construed to prohibit State from granting or conveying easements to third parties in the premises hereby leased or optioned for the installation and maintenance of roads, power lines, pipelines or other facilities to serve the tracts within or without the leased or optioned premises so long as the use by said third parties will not impair, interfere with, or be incompatible to the actual or proposed operations of Second Parties. The State agrees that in connection with any such easement grants or conveyances it will provide as a condition of any such grants that if such roads, power lines, pipelines or other facilities are so located as to interfere with such operations of Second Parties or damage Second Parties' facilities, Second Parties shall be compensated by the grantee for such interference

Non exclusivity
of easements

or damage, and that any roads, power lines, pipelines or other facilities installed pursuant to such easement shall be relocated at the grantee's expense if relocation is necessary to permit the full exercise of the rights granted Second Parties herein.

11. Certain uses by third parties of land hereby leased or optioned to Second Parties could cause serious damage to the usability of such lands for purposes of Second Parties. Accordingly, without in any way limiting the rights of Second Parties otherwise set forth in sections 9 and 10 above, it is agreed that before any rights are granted under said sections by the State to third parties with respect to lands hereby leased or optioned, Second Parties shall be notified and shall have an opportunity to be heard before the State Land Board with respect to such grants and within thirty (30) days after the Board's determination Second Parties shall have an opportunity to take any further action which may be available to Second Parties under the law.

12. Upon termination of this agreement in its entirety, title to the salts and other products from the Great Salt Lake remaining in any evaporating ponds, together with any and all rights to the waters of the Great Salt Lake acquired by Second Parties by appropriation, and easements acquired by Second Parties across State lands in connection with its operations under this agreement shall revert to and become the property of the State.

13. This agreement is made pursuant to the provisions of all applicable law, and particularly, Section 65-1-15, Utah Code Annotated 1953, as amended, and to the rules and regulations of the departments and agencies of the State of Utah presently in effect and to such rules and regulations as may be hereafter promulgated by the State, provided that any such law and any such rules and regulations do not impair the rights granted hereunder or enlarge any obligations hereby assumed.

14. Other than by transfer to a subsequent entity composed of one or more of Second Parties, this agreement shall not be assigned, mortgaged or otherwise encumbered or disposed of in whole or in part without the consent of the State.

15. The State, or its officers or agents, shall have the right to enter upon the leased and optioned premises at all reasonable times to inspect the workings thereon.

16. For and during the term of this agreement, Second Parties shall have the continuing right to appropriate, remove, divert, and channel to the leased property described in section 2 above water of and from Great Salt Lake for the purpose of extracting salts therefrom; provided, however, this agreement shall not be construed to relieve Second Parties from full compliance with Title 73, Utah Code Annotated, 1953, relative to applications for the diversion and appropriation of the waters of the State of Utah, where said statutes are applicable.

17. Second Parties shall pay to the State, in the manner and under the conditions as hereinafter provided, during the term of this agreement and any extensions thereof, royalty

payments for magnesium chloride extracted by Second Parties from the brines of the Great Salt Lake or the surface of leased acreage and used by Second Parties in the production of a saleable magnesium metal product in the State of Utah at the rate of Two and 35/100 Dollars (\$2.35) per ton of contained magnesium (chemically equivalent to sixty cents (60¢) per ton of contained magnesium chloride) in such saleable magnesium metal product sold by Second Parties and produced in Utah and extracted from said magnesium chloride, or the appropriate decimal fraction shown in Column B of Schedule A attached hereto, starting with the calendar year of first sale of any such product, of the net amount received by Second Parties for such contained magnesium during the royalty payment period defined in section 18 below, whichever is the greater. The term "net amount received by Second Parties" as used in this agreement means the net invoice amount received by Second Parties less the amount of any freight costs paid by Second Parties. The royalty thus paid shall be the only payment to the State for any and all magnesium and/or chlorine beneficially recovered or manufactured from such magnesium chloride, either as magnesium or chlorine or in chemical products or metal products with other substances, and will be adjusted to conform to any lesser royalty payable to the State under a similar agreement with any other party. In the case of contained magnesium in a saleable magnesium metal product consisting only partly of magnesium, as distinguished from a saleable metal product consisting wholly of magnesium, it is further

agreed that the royalty thus paid shall be calculated by reference to the average net amount received by Second Parties during the same quarterly royalty payment period provided for below for a saleable magnesium metal product consisting wholly of magnesium as applied to the appropriate amount of contained magnesium.

It is further agreed that in the event Second Parties shall acquire magnesium chloride from sources other than from the Great Salt Lake or the surface of acreage leased from the State, or shall acquire magnesium chloride extracted from the Great Salt Lake or the surface of acreage leased from the State by third parties and upon which royalties have previously been paid, no royalties shall be payable by Second Parties upon any magnesium and/or chlorine beneficially recovered or manufactured from such magnesium chloride, either as magnesium or chlorine or in chemical products or metal products with other substances.

It is further agreed that Second Parties shall pay a royalty under this agreement on other salts (excluding any and all magnesium and/or chlorine beneficially recovered or manufactured from magnesium chloride, either as magnesium or chlorine or in chemical products or metal products with other substances, as separately provided for above) included within the definition in section 1 above, beneficially recovered and sold by Second Parties. Said royalty shall be at the rate fixed by regulation, if any, in effect at the time of sale, otherwise said royalty shall be as fixed by agreement between the parties, provided, however, that in no event shall said royalty be greater than that

payable to the State under any similar agreement by any other party. In this connection, it is recognized by Second Parties that the existing royalty payable on the sale of magnesium chloride not used by Second Parties in the production of a saleable magnesium metal product but sold as magnesium chloride by Second Parties is now fixed by regulation at the appropriate decimal fraction shown in Column A of Schedule A attached hereto, starting with the calendar year of first sale of any such magnesium chloride, as applied in the case of Second Parties to the net amount received by Second Parties for such contained magnesium chloride during the royalty payment period defined in section 18 below, or sixty cents (60¢) per ton of contained magnesium chloride, whichever is the greater. Said royalty, as provided above, will be adjusted to conform to any lesser royalty payable to the State under a similar agreement with any other party.

18. Within sixty (60) days after the close of each calendar quarter during the term of this agreement, Second Parties shall file with the State a certificate specifying the number of tons of saleable magnesium metal product sold and/or such other saleable material sold by Second Parties during such calendar quarter on which royalty is due and concurrently, shall pay to the State the royalties due. If not otherwise sold, any saleable magnesium product shall be considered sold when shipped to a point outside the State of Utah and an appropriate royalty will be paid by Second Parties based upon an averaged sales value as

reflected in the net amount received by Second Parties in actual sales transactions made in the same calendar quarter as provided in section 17 above.

19. The State, by and through its agents, employees or representatives, shall have the right at reasonable times to inspect the books and records of Second Parties insofar as the same shall pertain or relate to the number of tons of saleable magnesium product or other saleable material sold by Second Parties and computations or calculations relating to any royalty to be paid to the State.

20. Second Parties shall have the continuing right to construct and maintain ditches, flumes and other facilities at such location or locations as it may deem essential for the transportation of waters to evaporating ponds or areas. The parties to this agreement acknowledge that Second Parties will file with the State a plat or map showing the exact location, size and dimensions of such evaporating ponds or areas.

21. This agreement and all rights hereunder except where a different term is expressly provided herein, and any lease of lands hereunder, shall be for a term of forty nine (49) years commencing on March 8, 1961, and shall continue so long thereafter as salts in commercial quantities are processed or produced hereunder, unless sooner terminated as in this agreement provided.

22. In the event of a dispute as to the amount of royalties due hereunder or as to interpretation of this agree-

ment or as to the fact of a default or violation of this agreement, Second Parties shall have an opportunity to be heard before the State Land Board with respect to such matter and if aggrieved by the determination of such Board shall be entitled within thirty (30) days after the Board's determination to take any further action which may be available to Second Parties under the law.

23. Second Parties may surrender this lease as to all or any part of the leased lands, but not less than a quarter-quarter section or a surveyed lot, by filing with the State a written relinquishment; which relinquishment shall be effective as to rental or royalty liability as of the date of filing and thereupon Second Parties shall be relieved from any liability thereafter to accrue as to the lands so surrendered, provided that such surrender shall not relieve Second Parties from any rental or royalty obligations accruing prior to the date of such surrender, and provided further that such surrender shall not relieve the Second Parties of any other obligations under this agreement arising before the filing of the surrender instrument.

24. This agreement may be terminated by Second Parties on the last day of any calendar year by serving written notice upon the State of its intention so to do at least six (6) months prior to the date of termination specified in said notice; and coincidental with the termination date, Second Parties shall cease and thereafter refrain from the extraction of salts from the waters of the Great Salt Lake and the surface of leased acre-

age unless and until it shall once more have entered into an agreement therefor with the State.

25. The State shall not have the right to terminate or cancel this agreement except for a failure of Second Parties to comply with the final determination provided for under section 22 above. In connection with any termination or cancellation by the State and the provisions of section 22, it is recognized that Second Parties shall have all rights of judicial and administrative review of any Board determination to which they may be entitled under the law.

26. Any notice permitted or required to be given by the State to Second Parties shall have been deemed to have been served on Second Parties when served personally on any officer of H-K and also National, or when delivered to H-K and also National by registered or certified mail at the addresses above set out or such other addresses as H-K and National may hereafter specify in writing to the State.

Any notice permitted or required to be given by Second Parties to the State shall be deemed to have been served on the State when served personally on the Director of the State Land Board or any duly authorized successor board, commission or agency of the State or when delivered by registered or certified mail to the Director of the State Land Board, State Capitol, Salt Lake City, Utah 84114, or to any duly authorized successor board, commission or agency of the State to the person and also at the address State may hereafter specify in writing to H-K and National.

27. Neither party shall be liable to the other for any loss or damage suffered or incurred nor shall either party be in default under this agreement by reason or as a result of the fact that the performance of the terms and provisions of this agreement is delayed or prevented due to causes beyond the control of either party, including but not limited to, acts of God or the public enemy, war, revolution, civil commotion, blockade or embargo, acts of the U.S. Government, or any law, order, proclamation, regulation, demand or requirement of the U.S. government or its authorized officers or representatives, fires, explosions, cyclones, floods, epidemics, quarantine restrictions, strikes, labor disputes, freight embargoes, failure of transportation facilities, failure of sources of supply or raw materials, labor, power and supplies, provided, however, that the parties agree to make every reasonable effort to remove such causes, it being agreed that the avoidance of strikes or labor disputes shall not be considered a matter within the control of either party.

28. Second Parties benefits hereunder shall inure to and its liabilities hereunder shall be binding upon its successors and assigns, and the State's benefits hereunder shall inure to and its liabilities hereunder shall be binding upon all boards, commissions, and agencies of the State involved hereunder, including the State Land Board, and upon all successor boards, commissions and agencies of the State involved at any time or from time to time with the subject matter of this agreement.

29. As hereby supplemented or modified or amended the Lease and Option Agreement dated March 8, 1961 and the Royalty Agreement dated March 8, 1961 as heretofore amended and modified are and shall remain in full force and effect. In the event of any conflict between such documents and this agreement, the provisions of this agreement shall govern.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed as of the day first above written.

STATE OF UTAH, STATE LAND BOARD

By Charles R. Hansen
DIRECTOR

NATIONAL LEAD COMPANY

By J. P. Hennrich
PRESIDENT

H-K, Inc.

ATTEST:

T. A. Menick
Secretary

ATTEST:

James A. Berg
Secretary

By James H. Hoyle
Vice-President

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 3rd day of Sept, 1969, personally appeared before me CHARLES R. HANSEN, who being by me duly sworn did say that he is the Director of the State Land Board of the State of Utah, and said instrument was signed in behalf of the State of Utah by authority of a resolution of the State Land Board, and said CHARLES R. HANSEN acknowledged to me that the State of Utah executed the same.

Lily J. Seavest
Notary Public

My Commission Expires:

4-10-72

Residing:

Bountiful, Utah

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On this 14th day of August, 1969, personally appeared before me James E. Hoyle and James Ivers, Jr., who, being by me duly sworn, did say, each for himself, that he, the said James E. Hoyle is the Vice-President, and he, the said James Ivers, Jr. is the Secretary of H-K, Inc., and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said James E. Hoyle and James Ivers, Jr., each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Edison Whitman
Notary Public

My Commission Expires:

Jan 17 1971

Residing:

Salt Lake City

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 31st day of July, 1969, personally appeared before me J. B. HENRICH and T. P. MESICK, who, being by me duly sworn, did say, each for himself, that he, the said J. B. HENRICH is the President, and he, the said T. P. MESICK is the Secretary of NATIONAL LEAD COMPANY, and that the within and foregoing instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and said J. B. HENRICH and

T. P. MESICK each duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

My Commission Expires:

March 30, 1971

John T. Rafferty
Notary Public
Residing: New York City, N.Y.

JOHN T. RAFFERTY
NOTARY PUBLIC, STATE OF NEW YORK
NO. 24-3195855
Qualified in Kings County
Certificate filed in New York County
Commission expires March 30, 1971

APPROVED AS TO FORM:

✓ VERNON B. ROMNEY

/ ATTORNEY GENERAL

By [Signature]

SCHEDULE A

	Column A	Column B
<u>Years of Sale</u>	<u>Magnesium Chloride Decimal Fraction</u>	<u>Magnesium Metal Decimal Fraction</u>
1	.015	.001259
2	"	"
3	"	"
4	"	"
5	"	"
6	.020	.001679
7	"	"
8	"	"
9	"	"
10	"	"
11	.022	.001846
12	.024	.002014
13	.026	.002182
14	.028	.002350
15	.030	.002518
16	.032	.002686
17	.034	.002853
18	.036	.003021
19	.038	.003189
20	.040	.003357
21	.042	.003525
22	.044	.003693
23	.046	.003861
24	.048	.004028
25 and over	.050	.004196

OK
JBA
7/6/16

EXHIBIT C

UCC FILING STATEMENT #597574

Entry #: 597574

01/02/2024 12:17 PM UCC AMENDMENT

Page: 1 of 10

FEE: \$594.00 BY: PARSONS BEHLE & LATIMER

Jerry Houghton, Tooele County, Recorder

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT SUBMITTER (optional) Brendan Shaw	
B. E-MAIL CONTACT AT SUBMITTER (optional) bshaw@otterbourg.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Otterbourg P.C, 230 Park Ave New York, NY 10169	
SEE BELOW FOR SECURED PARTY CONTACT INFORMATION	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

596783

1b. ☒ This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13.2. ☐ **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Part(y)(ies) authorizing this Termination Statement3. ☐ **ASSIGNMENT:** Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9; check ASSIGN Collateral box in item 8 and describe the affected collateral in item 84. ☐ **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law5. **PARTY INFORMATION CHANGE:**Check one of these two boxes:**AND** Check one of these three boxes to:This Change affects ☐ Debtor or ☐ Secured Party of record☐ **CHANGE** name and/or address: Complete item 8a or 8b; and item 7a or 7b and item 7c☐ **ADD** name: Complete item 7a or 7b, and item 7c☐ **DELETE** name: Give record name to be deleted in item 8a or 8b6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (8a or 8b)

8a. ORGANIZATION'S NAME			
OR			
8b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR			
7b. INDIVIDUAL'S SURNAME			
INDIVIDUAL'S FIRST PERSONAL NAME			
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Check only one box: ☐ ADD collateral ☐ DELETE collateral ☒ RESTATE covered collateral ☐ ASSIGN* collateral
Indicate collateral: *Check ASSIGN COLLATERAL only if the assignee's power to amend the record is limited to certain collateral and describe the collateral in Section 8

The legal description of the real property is hereby amended and restated as set forth in the UCC Financing Statement Amendment Addendum attached hereto.

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here ☐ and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME Wells Fargo Bank, National Association			
OR			
9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**

File with: Tooele County, UT - Real Estate Records

06758-0880

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS

11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form
596783

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form

12a. ORGANIZATION'S NAME

US Magnesium LLC

OR

12b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see Instruction item 13): Provide only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); see Instructions if name does not fit

13a. ORGANIZATION'S NAME

OR

13b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

14. ADDITIONAL SPACE FOR (CHECK ONE BOX): ☒ ITEM 8 (Collateral) OR ☐ OTHER INFORMATION (Please Describe)

The legal description of the real property is amended and restated as set forth in Item 17 of this UCC Financing Statement Amendment Addendum.

15. This FINANCING STATEMENT AMENDMENT:

☐ covers timber to be cut ☒ covers as-extracted collateral ☒ is filed as a fixture filing

16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest):

The State of Utah, acting by and through
the Department of Natural Resources
365 West North Temple
Salt Lake City, UT 84180

17. Description of real estate:

All property leased to Debtor pursuant to the Agreement, dated July 31, 1969, between the Utah State Land Board, and Debtor, as assignee and/or successor to National Lead Company, as amended, modified or supplemented from time to time (referred to as "Lease No. ML 18779-SV"), including, without limitation, the real property described on Exhibit A attached hereto and made a part hereof.

18. MISCELLANEOUS:

File with: Tooele County, UT - Real Estate Records 06758-0880

EXHIBIT A

TO

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

DEBTOR: US Magnesium LLC

SECURED PARTY: Wells Fargo Bank, National Association

Legal Description

(See Attached)

EXHIBIT A**LEGAL DESCRIPTION**

The tracts of Land in Tooele County and Box Elder County, State of Utah contained within the Great Salt Lake meander line as follows:

Salt Lake Base and Meridian

- A. T. 1 S., R. 6 W. – Section 6.
- T. 1 N., R. 6 W. – Sections 31, 30, 29, 20, 19, 18, 17, 8, 7, 6 and 5.
- T. 1 N., R. 7 W. – Sections 36, 35, 34, 33, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, and 1.
- T. 2 N., R. 6 W. – Sections 32, 31, 30, 29, 20, 19, 18, 17, 16, 9, 8, 7, 6, 5, 4, and 3.
- T. 2 N., R. 7 W. – Sections 1 through 36.
- T. 2 N., R. 8 W. – Sections 1, 2, 3, 11, 12, 13, 14, 24, and 25.
- T. 3 N., R. 6 W. – Sections 31 (SW $\frac{1}{4}$ and S $\frac{1}{2}$ of the SE $\frac{1}{4}$), 33 (E $\frac{1}{2}$), and 34 (W $\frac{1}{2}$). Portions of sections 27, 26, 23, 22, 14, and 13.
- T. 3 N., R. 7 W., – Sections 36 (E $\frac{1}{2}$ of the SE $\frac{1}{4}$), 33, 32, 31, 30, 29, 28, 21, 20, 19, 18, 17, and 16.
- T. 3 N., R. 8 W. – Sections 13, 14, 23, 24, 25 and 36. Portions of sections 15, 22, 26, 27, and 35.

Being more particularly described as follows:

Beginning at a point on the meander line, said point being the northeast corner of Section 1, T. 1 S., R. 7 W., thence west along said meander line a distance of approximately 2.5 miles; thence northwesterly along said meander line a distance of approximately 17.5 miles to the point of intersection with the north line of Section 3, T. 2 N., R. 8 W.; thence east approximately 0.73 mile along the section lines to the intersection with the east line of the State Right-of-Way No. 1126 (described hereafter); thence northwesterly along said east Right-of-Way line approximately 4.25 miles to the intersection with the north line of Section 15, T. 3 N., R. 8 W.; thence east along the section lines approximately 5.85 miles to the northeast corner of Section 16, T. 3 N., R. 7 W.; thence south along the section lines approximately 4 miles to the southeast corner of Section 33, T. 3 N., R. 7 W.; thence east approximately 2.75 miles to the southwest corner of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 36, T. 3 N., R. 7 W.; thence north approximately 0.5 mile to the northwest corner of the northeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of said Section 36; thence east approximately 0.75 mile to the center of Section 31, T. 3 N., R. 6 W.; thence south approximately 0.25 mile to the northeast corner of the southeast $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of said Section 31.; thence east approximately 0.5 mile to the northeast corner of the southeast $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of said Section 31; thence south approximately 0.25 mile to the northwest corner of Section 5, T. 2 N., R 6 W.; thence east along the section lines approximately 1.5 miles to the southeast corner of the southwest $\frac{1}{4}$ of Section 33, T. 3 N., R. 6 W.; thence north approximately 1.0 mile to the northeast corner of the northwest $\frac{1}{4}$

of said Section 33; thence east along the section lines to a point 1500-feet east of the northwest corner of Section 34, T. 3 N., R. 6 W., said point being the point of beginning of the center line of a parcel of land 500-feet wide extending northeasterly; thence northeasterly along said center line approximately 3.75 miles to the northeast corner of the northwest $\frac{1}{4}$ of Section 13, T., 3 N., R. 6 W.; commencing again at the intersection of said center line with the north line of said Section 34; thence east approximately 0.2 mile to the northeast corner of the northwest $\frac{1}{4}$ of said Section 34; thence south approximately 1.0 mile to the southwest corner of the southeast $\frac{1}{4}$ of said Section 34; thence east approximately 0.5 mile to the northeast corner of Section 3, T. 2 N., R. 6 W.; thence south approximately 1.0 mile to the southeast corner of said Section 3; thence west approximately 0.7 mile along the section line of said Section 3 to the intersection with the meander line; thence northerly along the meander line approximately 0.5 mile and then southerly along said meander line approximately 13.4 miles to the intersection with the east line of Section 1, T. 1 S., R. 7 W.; thence north along said east line approximately 0.5 mile to the northeast corner of said Section 1 and the point of beginning.

This tract of land contains seventy-one thousand three hundred and thirty-seven (71,337) acres, more or less.

B. T. 1 N., R. 6 W. – Portions of Sections 25 and 26.

T. 1 N., R. 5 W. – Portions of Sections 28, 29, and 30.

Being more particularly described as follows:

That portion of Section 26, T. 1 N., R. 6 W., within the meander line and set off within the limits of a strip of land 500-feet wide centered about its center line commencing at the meander corner located on the east line of said Section 26, approximately 0.44 mile north of the southeast corner of said Section 26, thence extending S 44° W.; commencing at the above said meander corner, thence easterly along the center line of a strip of land 500-feet wide approximately 3.5 miles to a point on the east line of the southwest $\frac{1}{4}$ of Section 28, T. 1 N., R. 5 W., said point being 250-feet south of the northeast corner of said southwest $\frac{1}{4}$ of Section 28.

This tract of land contains two hundred and thirteen (213) acres, more or less.

C. T. 6 N., R. 9 W. – Sections 24 and 25. Portions of sections 14, 15, 16, 21, 22, 23, 26, 35, and 36.

Being more particularly described as follows:

Beginning at the southeast corner of Section 36, T. 6 N., R. 9 W., thence west along the section line approximately 0.5 mile to the intersection with the meander line; thence northwesterly along said meander line approximately 6.1 miles to the intersection with a line running parallel to and 500-feet north of the north line of Section 21, T. 6 N., R. 9 W.; thence east along said line parallel to the section lines, approximately 2.85 miles to the intersection with the east line of Section 14, said point being 500-feet north of the southeast corner of said Section 14; thence south 500-feet to said southeast corner of Section 14; thence east approximately 1 mile to the northeast corner of Section 24, thence south along the section lines approximately 3 miles to the southeast corner of Section 36, T. 6 N., R. 9 W., and the point of beginning.

This tract of land contains three thousand four hundred forty-two (3,442) acres, more or less.

Tracts A, B and C contain seventy-four thousand nine hundred ninety-two (74,992) acres, more or less.

The following tract of land in Tooele County and Box Elder County, State of Utah, contained within the Great Salt Lake Meander Line and being State Right-of-Way No. 1126 is included herein for reference to indicate the extent of State land held for use by National Lead Company, Magnesium Division.

Salt Lake Base and Meridian

T. 3 N., R. 8 W.; T. 4 N., R. 8 W.; T. 5 N., R. 8 W.; T. 5 N., R. 9 W.

Being more particularly described as follows:

Beginning at the southeast corner of the southwest $\frac{1}{4}$ of Section 35, T. 3 N., R. 8 W., thence northwesterly along the center line of the right-of-way approximately 7.4 miles to the northwest corner of Section 33, T. 4 N., R. 8 W.; thence northwesterly along said center line approximately 9.6 miles to a point on the south line of Section 36, T. 6 N., R. 9 W., said point being one thousand (1,000) feet west of the southeast corner of said Section 36. Said described line being the center line of the right-of-way, consisting of one hundred fifty (150) feet on each side of the center line and totaling three hundred (300) feet in width. The right-of-way is approximately seventeen (17) miles long and contains six hundred eighteen (618) acres, more or less.

The tracts of land in Tooele County, State of Utah, contained within the Great Salt Lake meander line as follows:

Salt Lake Base and Meridian

T1S, R6W – Section 6.

T1N, R6W – Sections 31, 30 (S1/2 of SW1/4 and SE1/4), 19 (NW1/4), 18(W1/2 and W1/2 of NE1/4), 7 and 6.

T1N, R7W – Sections 36, 35, 34, 33, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2 and 1.

T2N, R6W – Sections 32, 31, 30, 29, 20, 19, 18, 17, 16, 9, 8, 7, 6 and 5 (S1/2).

T2N, R7W – Sections 1 through 36.

T2N, R8W – Sections 1, 2, 3, 11, 12, 13, 14, 24 and 25.

T3N, R6W – Section 31 (SW1/4 and S1/2 of SE1/4).

T3N, R7W – Sections 36 (E1/2 of SE1/4), 33, 32, 31, 30, 29, 28, 21, 20, 19, 18, 17 and 16.

T3N, R8W – Sections 13, 14, 23, 24, 25 and 36. Portions of Sections 15, 22, 26, 27 and 35.

Being more particularly described as follows:

Beginning at a point on the meander line, said point being the northeasterly corner of Section 1, T1S, R7W, thence Westerly along said meander line a distance of approximately 2.5 miles; thence northwesterly along said meander line a distance of approximately 17.5 miles to the point of intersection with the northerly line of Section 3, T2N, R8W; thence easterly approximately 0.73 mile along the section lines to the intersection with the easterly line of the State Right-of-Way No. 1126 (described hereafter in Part II-E); thence northwesterly along said easterly Right-of-Way line approximately 4.25 miles to the intersection with the northerly line of Section 15, T3N, R8W; thence easterly along the section lines approximately 5.85 miles to the northeasterly corner of Section 16, T3N, R7W; thence southerly along the section lines 4 miles to the southeasterly corner of Section 33, T3N, R7W; thence easterly 2.75 miles to the southwesterly corner of the southeasterly 1/4 of the southeasterly 1/4 of Section 36, T3N, R7W; thence northerly 0.5 mile to the northwesterly corner of the northeasterly 1/4 of the southeasterly 1/4 of said Section 36; thence easterly 0.75 mile to the center of Section 31, T3N, R6W; thence southerly 0.25 mile to the northeasterly corner of the southeasterly 1/4 of the southwesterly 1/4 of said Section 31; thence easterly 0.5 mile to the northeasterly corner of the southeasterly 1/4 of the southeasterly 1/4 of said Section 31; thence southerly 0.75 mile to the northeasterly corner of the southeasterly 1/4 of Section 6, T2N, R6W; thence easterly 1 mile to the northeasterly corner of the southeasterly 1/4 of Section 5; thence southerly 0.5 mile to the southeasterly corner of said Section 5; thence easterly along the northerly line of Section 9 approximately 0.9 mile to the intersection with the meander line; thence southerly along said meander line approximately 6 miles to the intersection with the southerly line of Section 32, T2N, R6W; thence westerly to the northeasterly corner of Section 6, T1N, R6W; thence Southerly 2 miles to the southeasterly corner of Section 7; thence westerly 0.25 mile to the northwesterly corner of the northeasterly 1/4 of the northeasterly 1/4 of Section 18; thence southerly 0.5 mile to the southwesterly corner of the southeasterly 1/4 of the northeasterly 1/4 of said Section 18; thence westerly 0.25 to the center of said Section 18; thence southerly 1 mile to the center of Section 19; thence westerly 0.5 mile to the southwesterly corner of the northwesterly 1/4 of said Section 19, thence southerly 1.25 miles along the section lines to the northwesterly corner of the southwesterly 1/4 of the southwesterly 1/4 of Section 30; thence easterly 0.5 mile to the northeasterly corner of the southeasterly 1/4 of the southwesterly 1/4 of said Section 30, thence northerly 0.25 mile to the center of said Section 30; thence easterly to the intersection with the meander line; thence southwesterly along said meander line approximately 2 miles to the intersection with the easterly line of Section 1, T1S, R7W; thence northerly along said easterly line approximately 0.5 mile to the northeasterly corner of said Section 1 and the point of beginning.

This tract of land contains sixty-six thousand, six hundred and thirty-seven (66,637) acres, more or less.

The tracts of land in Tooele County, State of Utah, contained within the Great Salt Lake meander line as follows:

Salt Lake Base and Meridian

- A. T1N, R6W – Sections 29, 30 (N1/2 and N1/2 of SW1/4), 19 (S1/2 and NE1/4), 20, 17, 18 (SE1/4 and E1/2 of NE1/4), 8 and 5.

Being more particularly described as follows:

Beginning at the intersection of the meander line and the northerly line of Section 5, T1N, R6W; thence westerly approximately 0.4 mile to the northwesterly corner of said Section 5; thence southerly 2 miles to the southeasterly corner of Section 7; thence westerly 0.25 mile to the northwesterly corner of the northeasterly 1/4 of the northeasterly 1/4 of Section 18; thence southerly 0.5 mile to the southwesterly corner of the southeasterly 1/4 of the northeasterly 1/4 of said Section 18; thence westerly 0.25 mile to the center of said Section 18; thence southerly 1.0 mile to the center of Section 19; thence westerly 0.5 mile to the northwesterly corner of the southwesterly 1/4 of said Section 19; thence southerly 1.25 miles to the southwesterly corner of the northwesterly 1/4 of the southwesterly 1/4 of Section 30; thence easterly 0.5 mile to the southeasterly corner of the northeasterly 1/4 of the southwesterly 1/4 of said Section 30; thence northerly 0.25 mile to the center of said Section 30; thence easterly 0.5 mile more or less to the intersection with the meander line; thence northerly along said meander line approximately 5 miles to the northerly line of Section 5, T1N, R6W, and the point of beginning.

- B. T2N, R6W – Section 5 (N1/2), 4, 3, 2, 1 (W1/2), 10, 11, 12, (W1/2), 13 (W1/2), 14 and 15.

T3N, R6W – Sections 13 (W 1/2), 14, 22, 23, 24 (W1/2), 26 (W1/2), 27, 33, 34 and 35 (W1/2).

Being more particularly described as follows:

Beginning at the northwesterly corner of Section 5, T2N, R6W, thence easterly 1 mile to the northeasterly corner of said Section 5; thence northerly 1 mile to the northwesterly corner of Section 33, T3N, R6W; thence easterly 1 mile to the northeasterly corner of said Section 33, thence northerly 2 miles to the northwesterly corner of Section 22; thence easterly 1 mile to the northeasterly corner of said Section 22; thence northerly 1 mile to the northwesterly corner of Section 14; thence easterly 1.5 miles to the northeasterly corner of the northwesterly 1/4 of Section 13; thence southerly 2 miles to the southeasterly corner of the southwesterly 1/4 of Section 24; thence westerly 1 mile to the northeasterly corner of the northwesterly 1/4 of Section 26; thence southerly 2 miles to the southeasterly corner of the southwesterly 1/4 of Section 35, T3N, R6W; thence easterly 1 mile to the northeasterly corner of the northwesterly 1/4 of Section 1, T2N, R6W; thence southerly 3 miles to the southeasterly corner of the southwesterly 1/4 of Section 13; thence westerly approximately 1.7 miles to the intersection of southerly line of Section 15 with the meander line; thence northerly along the meander line approximately 3 miles to the intersection with the southerly line of Section 4; thence westerly approximately 0.9 mile to the southwesterly corner of said Section 4; thence northerly 0.5 mile to the northwesterly corner of the southwesterly 1/4 of said Section 4; thence westerly 1.0 mile to the southwesterly corner of the northwesterly 1/4 of Section 5; thence northerly 0.5 mile to the northwesterly corner of said Section 5, T2N, R6W, and the point of beginning.

- C. T1N, R5W – Sections 28 (W1/2), 29, 30, 31, 32 and 33 (W1/2).

T1N, R6W – Sections 25, 26, 35 and 36.

Being more particularly described as follows:

Beginning at the intersection of the meander line and the northerly line of Section 25, T1N, R6W; thence easterly approximately 3.1 miles along the section lines to the northeasterly corner of the northwesterly 1/4 of Section 28, T1N, R6W; thence southerly 2 miles to the southeasterly corner of the southwesterly 1/4 of Section 33; thence westerly approximately 2.6 miles along the section line to the intersection with the meander line; thence northerly along the meander line approximately 3.25 miles to the intersection with the northerly line of Section 25, T1N, R6W and the point of beginning. Excluding John Silver ML 17997.

- D. T6N, R9W – Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 21, 22, 23, 24, 25, 26, 35 and 36.

T6N, R10W – Sections 1, 2, 3, 4, 5, 6, 9 and 10.

T7N, R9W – Sections 19, 20, 21, 28, 29, 30, 31, 32 and 33.

T7N, R10W – Sections 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34, 35 and 36.

Being more particularly described as follows:

Beginning at the southeasterly corner of Section 36, T6N, R9W, thence westerly along the section line approximately 0.5 mile to the intersection with the meander line; thence northwesterly along said meander line approximately 28.5 miles to the intersection with the northerly line of Section 5, T7N, R10W; thence easterly along the section lines approximately 4.4 miles to the northeasterly corner of Section 1; thence southerly 3 miles to the southeasterly corner of Section 13, T7N, R10W; thence easterly 3 miles to the northeasterly corner of Section 21, T7N, R9W; thence southerly 3 miles to the southeasterly corner of Section 33, T7N, R9W; thence easterly 2 miles to the northeasterly corner of Section 2, T6N, R9W; thence southerly along the section lines approximately 3.05 miles to the northwesterly corner of Section 24; thence easterly 1 mile to the northeasterly corner of said Section 24; thence southerly 3 miles to the southeasterly corner of Section 36, and the point of beginning. Excluding Intermountain Chemical Company Co. ML 25889.

Said tracts A through D contain forty-two thousand five hundred and fifty-six (42,556) acres, more or less.

Without limiting the foregoing legal description on pages 1 through 6 on this Schedule A, for the avoidance of doubt, the following real property and tracts of land situated in Tooele County, Utah are hereby included in addition to the foregoing:

- I. Commencing at the intersection of the Meander Line and the East Boundary of T. 1 S., R. 4, W., thence North to the mid-point of the East boundary of T. 1 S., R. 4 W., thence South $63^{\circ} 26'$ West 35,420 feet, more or less, to the Southwest corner of T. 1 S., R. 4 W., thence West 2 miles, thence North 2 miles, thence West one mile, thence North 2 miles, thence West approximately 1 mile to the Meander Line, thence South and East along the Meander Line, to the point of beginning.

Also Secs. 1 and 12, T. 1 N., R. 7 W., Secs. 12, 13, 24, 25 and 36 in T. 2 N., R. 7 W., and Secs. 7 and 8 in T. 2 N., R. 6 W.

Said tracts contain fourteen thousand seven hundred twenty (14,720) acres, more or less.

- II. Commencing at the intersection of the Meander Line and the East boundary of T. 1 S., R. 4 W.; thence North to the mid-point of the East boundary of T. 1 S., R. 4 W., thence South $63^{\circ} 26'$ West 35,420 feet, more or less, to the Southwest corner of T. 1 S., R. 4 W., thence West 1 mile, thence North 5 miles, thence West 1 mile, thence North 1 mile, thence West 1 mile, thence North 4 miles, thence West 1 mile, thence North 3 miles, thence West 1 mile, thence North 6 miles, thence West 1 mile, thence North 3 miles, thence West 4 miles, thence North 3 miles, thence West to the intersection of the Meander Line in T. 4 N., R. 9 W.; thence along the Meander Line to the starting point.

There is excepted from the above description the following tracts heretofore released and relinquished:

- A. Contiguous tract East of the $112^{\circ}30'$ meridian containing 5120 acres described as:

Commencing at a point (which coincides with turning point 12, including the point of commencing, in the description contained above in Section 3) which is two miles West and seven miles North of center of the North boundary line of Township 1 S R 5 W Salt Lake Base and Meridian, thence West 1 mile, thence North 5 miles, thence West 1 mile, thence North 2 miles, thence East 1 mile, thence South 1 mile, thence East 1 mile, thence South 6 miles to point of beginning.

- B. Contiguous tract West of the $112^{\circ}30'$ meridian containing 5120 acres described as:

Commencing at a point (which coincides with turning point 17, including the point of commencing in the description contained above in section 3), which is 19 miles North and 7 miles West of the center of the North boundary line of Township 1 S R 5 W Salt Lake Base and Meridian, thence South 1 mile, thence West 8 miles, thence North 1 mile, thence East 8 miles to the point of beginning.

Said optioned tracts contain some 105,600 acres, less 10,240 acres, or 95,360 acres, more or less