



LAND PROPERTY SUMMARY

Corporation: CYPRUS BAGDAD COPPER CORPORATION

Report Date: 12/17/2002

Division:

Land Administrator: JAN LEAVELL

Region NONE

System ID#: 865

District: NONE

Legacy ID#: 100943

Project: BAGDAD MINE

BD-00

Physical ID#: BAG-002-0286-0000

PROPERTY NAME ARIZ. C.L. #31360	AGREEMENT DATE 05/01/1986	# TRACTS 1
TRANSACTION TYPE LEASED	EFFECTIVE DATE 05/01/1986	# PAYMENT OBLIGATIONS 1
DOCUMENT TYPE COMMERCIAL LEASE (SYCAMORE 1 & 2)	EXPIRATION DATE 04/30/2006	# SPECIAL OBLIGATIONS 6
PURCHASE CONSIDERATIONS \$564.00	CANCEL/TERM DATE	# US CLAIMS 0
OPERATOR CYPRUS BAGDAD COPPER COMPANY	PERM STORAGE	# FOREIGN CLAIMS 0

INTEREST HOLDERS

<u>PARTY TYPE</u>	<u>PARTY NAME</u>
ACQUIRED FROM	STATE OF ARIZONA
LESSEE	CYPRUS BAGDAD COPPER CORPORATION
LESSEE	CYPRUS MINES CORPORATION/CYPRUS BAGDAD COPPER COMPANY DIVISION
LESSOR	ARIZONA STATE LAND DEPARTMENT
LESSOR	ARIZONA STATE LAND DEPARTMENT

CROSS REFERENCES

RELATED CONTRACT/AGREEMENT NUMBERS

9172	BAG-002-0418-WA00	CMX-9172	REG. NO. 55-611614
946	BAG-002-0409-WA00	101021	AZ. WA #21-102153
9173	BAG-002-0419-WA00	CMX-9173	REG. NO. 55-611615



TRACT LOCATION AND LEGAL DESCRIPTION

LOCATION INFORMATION

<u>TRACT#</u>	<u>COUNTRY</u>	<u>STATE/PROVINCE</u>	<u>COUNTY/PARISH</u>	<u>TOWNSHIP/DISTRICT</u>
1	USA	ARIZONA	YAVAPAI	NONE

LEGAL DESCRIPTION-TRACT NUMBER: 1

TRACT ACRES AND TITLE SUMMARY

	<u>GROSS ACRES</u>	<u>%INTEREST</u>	<u>NET ACRES</u>	<u>TITLE</u>	<u>CODE</u>	<u>SEAM NAME</u>
<u>S</u>	20.0000	100.0000	20.0000	LEASED	UNDEFINED	
<u>M</u>	0.0000	0.0000	0.0000	SURFACE		

FUL: TOWNSHIP 14 1/2 NORTH, RANGE 8 WEST, G6SRBM

SECTION 29: SE/4 SW/4 SW/4, SW/4 SE/4 SW/4

CONTAINING 20.00 ACRES, MORE OR LESS, LOCATED IN YAVAPAI COUNTY, ARIZONA

ASSOCIATED WATER RIGHT(S):

PLEASE REFER TO THE TRACT INDEX ASSOCIATED WITH THIS PROPERTY NUMBER FOR DETAILS CONCERNING WATER RIGHT(S).

MAP REFERENCE

<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>MERIDIAN</u>
29	14.5 5	R8 W	

SUMMARY OF PAYMENT OBLIGATIONS

#	FREQ	BEG DATE	END DATE	OBLIGATION TYPE	AMOUNT \$
1	012	05/01/1987	05/01/2006	RENTAL PAYMENT	\$1,581.00

BASE ANNUAL RENTAL DUE AND PAYABLE TO THE STATE OF ARIZONA LAND DEPARTMENT. THIS AMOUNT IS TO BE ADJUSTED ANNUALLY BY THE CONSUMER PRICE INDEX, U.S. CITY AVERAGE FOR ALL URBAN CONSUMERS - ALL ITEMS (1967 = 100) THE PERTINENT MONTH IN WHICH CALCULATED. (THIS AMOUNT REFLECTS ADJUSTED PAYMENT FOR PRIOR YEAR.)

<u>PAYEE 1</u>	<u>OF</u>	<u>1</u>	<u>DEPOSITORY - PAY TO</u>
ARIZONA STATE LAND DEPARTMENT 1616 W. ADAMS, 4TH FLOOR			ARIZONA STATE LAND DEPARTMENT 1616 W. ADAMS, 4TH FLOOR
PHOENIX	ARIZONA	85007	PHOENIX ARIZONA 85007
VENDOR #	10020	07083A	10020
TAX ID #			
PERCENT INTEREST	100		
BANK ACCOUNT #			ACCT CHARGED

SUMMARY OF SPECIAL OBLIGATIONS

#	FREQ	BEG DATE	END DATE	OBLIGATION TYPE
1	001	06/01/1986		SUBMIT PLAN OR REPORT

MONTHLY REPORTS OF WATER USE MUST BE SUBMITTED TO THE STATE LAND DEPARTMENT ON STANDARD FORMS SUPPLIED BY THE DEPARTMENT.



SUMMARY OF SPECIAL OBLIGATIONS

#	FREQ	BEG DATE	END DATE	OBLIGATION TYPE
2	012	05/01/1987		OTHER - OPERATIONS A MINIMUM CHARGE FOR GROUNDWATER USED IN THE CONDUCT OF LESSEE'S BUSINESS WILL BE ASSESSED EACH YEAR. THIS CHARGE WILL BE SUBJECT TO ANNUAL REAPPRAISAL BY THE STATE LAND DEPARTMENT.
3	012	05/01/1987		SUBMIT PLAN OR REPORT THE ARIZONA DEPT. OF WATER RESOURCES REQUIRES AN ANNUAL REPORT OF GROUNDWATER PUMPED FROM NON-EXEMPT WELLS WITHIN ACTIVE MANAGEMENT AREAS AND IRRIGATION NON-EXTENSION AREAS. NEED TO SEND REPORT AND FEE, IF ANY.
4	012	07/01/1991		RENEW OPTION CERTIFICATE OF INSURANCE MUST BE SUBMITTED ANNUALLY TO THE ARIZONA STATE LAND DEPARTMENT AS LONG AS THE LEASE IS IN EFFECT. ONE CERTIFICATE HAS BEEN SUBMITTED FOR CYPRUS BAGDAD AND CYPRUS MIAMI.
5	012	05/01/1987		SUBMIT PLAN OR REPORT ON OR BEFORE ANNIVERSARY DATE EACH YEAR, LESSEE MUST FILE A SWORN STATEMENT SETTING FORTH THEREIN THE CHARACTER OF IMPROVEMENTS CONSTRUCTED ON SAID LEASE PREMESIS AND THE ACTUAL CASH VALUE THEREOF.
6	024	01/30/1996	04/30/2006	APPLY FOR EXTENSION LEASE WILL EXPIRE ON APRIL 30, 2006. PLEASE PROVIDE PROPERTY RECORDS - DENVER WITH A COPY OF ALL EXTENSION DOCUMENTS UPON RECEIPT.



PROVISION AND ROYALTY (TEXT)

****PURPOSE:** THE PURPOSE OF THIS LEASE IS FOR A WATER PUMPING FACILITY.

****ANNUAL RENTAL:**

1. ACCORDING TO PAGE 1 OF THIS LEASE, THE LESSEE AGREES TO PAY AS RENTAL AN AMOUNT TO BE DETERMINED BY THE STATE LAND COMMISSIONER EACH YEAR BY AN APPRAISAL MADE BY HIM, AS PROVIDED BY LAW. RENTAL SO FIXED BY THE STATE WILL BE DUE AND PAYABLE ANNUALLY IN ADVANCE; HOWEVER,

2. ACCORDING TO THE PAGE ENTITLED "OTHER ITEMS", LESSEE SHALL PAY \$528.00 RENTAL FOR THE FIRST YEAR, THIS THEN BEING THE BASE RENT AMOUNT, THEREAFTER TO BE ADJUSTED BY THE CONSUMER PRICE INDEX.

3. LESSEE SHALL PAY A PENALTY OF FIVE PERCENT (5%) OF ANY AMOUNT DELINQUENT, AND SHALL PAY DAILY INTEREST ON THE DELINQUENT AMOUNT PLUS PENALTY AT THE RATE SET BY THE STATE TREASURER, ACCORDING TO LAW.

4. "CPI" SHALL MEAN THE CONSUMER PRICE INDEX, U.S. CITY AVERAGE FOR ALL URBAN CONSUMERS - ALL ITEMS (1967 = 100) FOR THE PERTINENT MONTH ISSUED BY THE BUREAU OF LABOR STATISTICS OF THE U.S. DEPARTMENT OF LABOR.

****ASSIGNMENT:** LESSEE WILL NOT SUB-LET OR ASSIGN THE LAND OR THIS LEASE WITHOUT THE PRIOR WRITTEN CONSENT OF THE STATE LAND COMMISSIONER.

****TIMBER REMOVAL:** LESSEE WILL NOT CUT OR REMOVE NOR ALLOW TO BE CUT OR REMOVED ANY TIMBER OR STANDING TREES THAT MAY BE UPON SAID LAND, SAVE AND EXCEPT ONLY SUCH AS MAY BE NECESSARY FOR THE IMPROVEMENT OF SAID LAND, AND THEN ONLY WITH THE WRITTEN CONSENT OF THE STATE LAND COMMISSIONER.

****LIMITED EXCLUSIVITY:** LESSOR RESERVES THE RIGHT TO GRANT TO THE UNITED STATES RIGHTS-OF-WAY AND EASEMENTS OVER, ACROSS OR UPON THE LANDS EMBRACED IN THIS LEASE FOR CANALS, RESERVOIRS, DAMS, POWER OR IRRIGATING PLANTS OR WORKS, RAILROADS, TRAMWAYS, TRANSMISSION LINES OR OTHER PURPOSES, FOR IRRIGATION WORKS IN CONNECTION WITH ANY GOVERNMENT RECLAMATION PROJECT. GRANTOR ALSO RESERVES THE RIGHT TO ISSUE DRILLING PERMITS AND LEASES FOR THE PURPOSE OF PROSPECTING FOR, AND THE EXTRACTION OF OIL AND/OR GASES.

****DEFAULT:** IF LESSEE SHOULD DEFAULT IN ANY MANNER, THE LAND COMMISSIONER, AT HIS OPTION, MAY CANCEL THIS LEASE.

****IMPROVEMENTS:** LESSEE MUST GET THE PRIOR WRITTEN APPROVAL OF THE LAND COMMISSIONER BEFORE INSTALLING ANY IMPROVEMENTS ON THE LEASED LANDS. ANY IMPROVEMENTS MADE ON OR TO THE SITE, WITHOUT SAID WRITTEN APPROVAL SHALL CONSTITUTE A BREACH AND SUBJECT THIS LEASE TO CANCELLATION BY LESSOR. LESSEE SHALL FILE WITH LESSOR PLANS AND SPECIFICATIONS SHOWING THE NATURE, LOCATION, APPROXIMATE COSTS, QUALITY OF PROPOSED MATERIALS, SIZE, AREA, HEIGHT, COLOR, SHAPE AND DESIGN OF THE PROPOSED IMPROVEMENTS. THE LESSOR MAY ALSO REQUIRE A PERIMETER SURVEY OF THE LEASED PREMISES, UPON WHICH SHALL BE SHOWN THE LOCATION OF THE COMPLETED IMPROVEMENTS. ANY IMPROVEMENTS PLACED ON THE LEASED LANDS WITHOUT PRIOR WRITTEN PERMISSION SHALL BE FORFEITED AND BECOME THE PROPERTY OF THE STATE.

****ABANDONMENT:** LESSEE MUST GIVE LESSOR THIRTY (30) DAYS' NOTICE IN WRITING IN ADVANCE OF THE ABANDONMENT OF SAID PREMISES OR TERMINATION OF THIS LEASE.

****OTHER EASEMENTS, ETC.:** LESSOR RESERVES THE RIGHT TO GRANT RIGHTS-OF-WAY AND



EASEMENTS OVER, ACROSS, OR UPON THE LEASED LANDS FOR PUBLIC HIGHWAYS, RAILROADS, TRAMWAYS, TELEPHONE, TELEGRAPH, TRANSMISSION LINES, PIPE LINES, IRRIGATION WORKS, FLOOD CONTROL, DRAINAGE WORKS, LOGGING AND OTHER PURPOSES.

**UTILITIES: ALL UTILITY OR SERVICE LINES OF EVERY NATURE WHATSOEVER SHALL BE PLACED AND KEPT UNDERGROUND, UNLESS PROHIBITED BY LAW, AND UNLESS LESSOR OTHERWISE APPROVES IN WRITING.

**NATIVE PLANT REMOVAL: PRIOR TO THE REMOVAL OF PLANTS PROTECTED UNDER THE ARIZONA NATIVE PLANT LAW, LESSEE MUST HAVE PREVIOUSLY ACQUIRED THE WRITTEN PERMISSION OF BOTH THE ARIZONA STATE LAND DEPARTMENT AND COMMISSION OF AGRICULTURE AND HORTICULTURE TO REMOVE

**MINIMUM WATER CHARGE: A MINIMUM CHARGE FOR GROUNDWATER USED IN THE CONDUCT OF LESSEE'S BUSINESS WILL BE ASSESSED EACH YEAR. THIS CHARGE WILL BE SUBJECT TO ANNUAL REAPPRAISAL. IN ADDITION, LESSEE AGREES TO PAY THE DEPARTMENT FOR ALL WATER WITHDRAWN OVER THE MINIMUM AMOUNT.

**MEASUREMENT OF WATER WITHDRAWALS: LESS IS REQUIRED TO MEASURE WITHDRAWALS IF GROUNDWATER IS PUMPED FROM A NON-EXEMPT WELL; HOWEVER, IF WELL HAS BEEN GRANTED A TYPE 2 GRANDFATHERED RIGHT OR A GROUNDWATER WITHDRAWAL PERMIT FOR TEN (10) ACRE FEET OR LESS, THERE IS NO REQUIREMENT TO MEASURE WITHDRAWALS.

**OTHER WATER USE: IF GROUNDWATER IS PUMPED OFF STATE LAND OR IS USED FOR PURPOSES DIFFERENT FROM THE LEASE, THEN LESSEE MUST IMMEDIATELY NOTIFY THE DEPARTMENT TO HOLD A PUBLIC AUCTION SALE FOR THE WATER.

**INSURANCE: PLEASE REFER TO PARAGRAPH 15 UNDER "OTHER TERMS" FOR DETAILS.

**NOTE: ASSOCIATED WATER FILES SET UP (4/97) CMX-9172 & CMX-9173.

ADVANCED ROYALTY TERM

NOT APPLICABLE

OVERRIDING ROYALTY

NOT APPLICABLE

OVERRIDING ROYALTY = 0

PRODUCTION ROYALTY

NOT APPLICABLE

OWNERS ROYALTY% = 0.00

OWNERS ROYALTY RATE = 0.00

RECOUPMENT

NOT APPLICABLE



WATER

_PARCID_WA01_ARIZ. C.L. #31360 WATER RIGHT ARIZ. C.L. #31360 BAGDAD WELL NO. : SYCAMORE
1 WELL

LOCATION OF WELL : TOWNSHIP 14.5 NORTH, RANGE 8 WEST, G&SRBM

SECTION 29: SE/4 SW/4 SW/4

CURRENT WELL REGISTRATION : 611614

PREVIOUS WELL REGISTRATION NO.: 36-66374

WELL REGISTERED BY : M. D. MARTIN

DATE WELL COMPLETED : 08/01/1967

DEPTH OF WELL : 580'

DIAMETER OF CASING : 16" AND 12"

DEPTH OF CASING : 480'

TYPE OF CASING : STEEL

WELL PUMPING CAPACITY : 70 G.P.M.

DEPTH TO WATER : 60' BELOW LAND SURFACE

SOURCE OF WELL : UNDERGROUND PERCOLATE

TYPE OF WELL : SUB-FLOW

NAME OF WATERSHED : BILL WILLIAMS RIVER

PRINCIPAL USE(S) OF WATER : MUNICIPAL, DOMESTIC, MINING

ANNUAL USE : 129.00 AFA _PARCID_WA02_ARIZ. C.L. #31360 WATER RIGHT ARIZ.
C.L. #31360 BAGDAD WELL NO. : SYCAMORE 2 WELL

LOCATION OF WELL : TOWNSHIP 14.5 NORTH, RANGE 8 WEST, G&SRBM

SECTION 29: SW/4 SE/4 SW/4

CURRENT WELL REGISTRATION : 611615

PREVIOUS WELL REGISTRATION NO.: 36-66374

WELL REGISTERED BY : M. D. MARTIN

DATE WELL COMPLETED : 02/29/1968



DEPTH OF WELL : 401'
DIAMETER OF CASING : 16"
DEPTH OF CASING : 302'
TYPE OF CASING : STEEL
WELL PUMPING CAPACITY : 18 G.P.M.
DEPTH TO WATER : 62' BELOW LAND SURFACE
SOURCE OF WELL : UNDERGROUND PERCOLATE
TYPE OF WELL : SUB-FLOW
NAME OF WATERSHED : BILL WILLIAMS RIVER
PRINCIPAL USE(S) OF WATER : MUNICIPAL, DOMESTIC, MINING
ANNUAL USE : 129.00 AFA

05/01/1976 - COMMERCIAL LEASE #31360 ISSUED TO CYPRUS MINES CORPORATION BY THE STATE OF ARIZONA. LEASE EXPIRED ON 04/30/1986.

05/01/1986 - RENEWAL OF COMMERCIAL LEASE #31360 ISSUED BY THE ARIZONA STATE LAND DEPARTMENT, GRANTOR, TO CYPRUS MINES CORPORATION/CYPRUS BAGDAD COPPER COMPANY DIVISION, GRANTEE.

06/01/1988 - LETTER TO THE STATE LAND DEPARTMENT, STATE OF ARIZONA REQUESTING ALL RIGHT, TITLE AND INTEREST IN AND TO THE AGREEMENTS LISTED THEREIN BE TRANSFERRED TO CYPRUS BAGDAD COPPER CORPORATION.

06/06/1988 - CHANGE OF WELL INFORMATION FILED FOR 55-611614 AND 55-611615 FROM CYPRUS MINES CORPORATION TO CYPRUS BAGDAD COPPER CORPORATION.

05/01/1996 - RENEWAL OF COMMERCIAL LEASE #31360 ISSUED BY THE ARIZONA STATE LAND DEPARTMENT, GRANTOR, TO CYPRUS BAGDAD COPPER CORPORATION, GRANTEE.