

October 8, 2019

Permit Supervisor
Utah Coal Regulatory program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Re: Update of Surface Ownership Information, Task ID# 5983, Canyon Fuel Company, LLC, Soldier
Canyon Mine C/007/018

Dear Sirs:

Please find enclosed with this letter an amendment to update Chapter 1, add Appendix 1-B and map Exhibit
1.12-1 in the Soldier Canyon Permit.

If you have questions or need addition information, please contact Vicky Miller at (435)286-4481.

CANYON FUEL COMPANY
Dugout Canyon Mine


for

Robert Marshall
Technical Services Manager

Encl.

cc: DOGM Correspondence File

RECEIVED

OCT 11 2019

DIV OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Soldier Canyon Mine

Permit Number: C/007/018

Title: Revision to M&RP to Update Ownership Information, Task ID#5983

Description, Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach one (1) review copy of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Robert Jay Marshall
Print Name

R. Jay Marshall Engr MGR 10/21/19
Sign Name, Position, Date

Subscribed and sworn to before me this 2 day of October, 2019

Josephine Archuleta
Notary Public

My commission Expires: 9.21.2021 } ss:
Attest: State of Utah }
County of Carbon



For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining <div style="text-align: center; color: blue; font-weight: bold; font-size: 1.2em;">RECEIVED</div> <div style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">OCT 11 2019</div> <div style="text-align: center; color: blue; font-weight: bold; font-size: 1.2em;">DIV OF OIL, GAS & MINING</div>
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CANYON FUEL COMPANY, LLC

~~OWNERSHIP AND CONTROL INFORMATION~~
CHAPTER 1
LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

SOLDIER CANYON MINE

C/007/018

November 2004
August 2019
October 2019

LIST OF FIGURES

Figure

1 Site Location Map

LIST OF EXHIBITS

Exhibits

Exhibit 1.12-1 Surface Ownership
Exhibit 1.12-2

LIST OF APPENDICES

Appendix

1-A Reclamation Bond
1-B Surface Agreements

CHAPTER 1
GENERAL CONTENTS

110 Minimum Requirements for Legal, Financial, Compliance and Related Information

111 Introduction

For information refer to General Chapter 1 binder for Canyon Fuel Company, LLC Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

The mine is located at the mouth of Nine Mile Canyon, Sections 7 and 18, Township 13 S., Range 12 E., Salt Lake Base and Meridian (SLB&M), on the southern edge of the Book Cliffs in the heart of the book cliff Coal Field (**Exhibit 1.12-1**). It is approximately 12 miles northeast of Price, Utah (Figure 1).

Paved Road 53 (Soldier Creek Road) provides easy access to the mine facilities which are adjacent to the highway. ~~Although~~ The road is unpaved beyond the mine, it is maintained by Carbon County and serves as an access road to recreational and agricultural areas. The road serves as an alternative access between the Price River Basin and the Uinta Basin.

The mine has been producing coal from both federally and state owned lands leased to Canyon Fuel Company, LLC and its predecessors. Most of the mining will be on leases owned by the United States and administered by the Bureau of Land Management.

112 Identification of Interests

For information refer to General Chapter 1 binder for Canyon Fuel Company, LLC Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

Banning Loadout C/007/034
Dugout Canyon Mine C/007/039
Gordon Creek Mine C/007/016

The issuing authority for the Canyon Fuel Company, LLC permits is the UDOGM.

**112.500 Legal or Equitable Owner of the Surface and Mineral Properties
to be Mined**

The legal or equitable owners of the areas to be affected by the surface operations and facilities during the five year permit period are:

United States of America
Department of Interior
Bureau of Land Management
Price Coal Office
125 South 600 West
Price, Utah 84501

Pine Canyon Ranch, LLC
84 North 1280 West
Price, UT 84501

~~Canyon Fuel Company, LLC
225 North 5th Street, 9th Floor
Grand Junction, CO 81501~~

Louise L. Iriart Properties, LLC
Route 1, Box 172 485 East 100 North
Price, Utah 84501

No area within the lands to be affected by surface operations and facilities or within the area of coal to be mined is under a real estate contract.

The legal or equitable owners of the coal to be mined during the five year permit period are:

United States of America

Department of Interior
Bureau of Land Management
Price Coal Office
125 South 600 West
Price, Utah 84501

State of Utah
School and Institutional Trust Lands Admin.
675 East 500 South
Salt Lake City, Utah 84102-2818

Canyon Fuel Company, LLC
9815 South Monroe Street, Suite 203
Sandy, UT 84070

~~225 North 5th Street, 9th Floor~~
~~Grand Junction, CO 51501~~

Coal mining and reclamation operations are listed on Table 1-1 and the corporate structures is presented on Figure 1-1 in the General Chapter 1 binder.

112.600 Owners of Record of Property Contiguous to Proposed Permit Area

Owners of record of surface and subsurface areas contiguous to the permit area, including the sewage lagoons and refuse disposal site, are shown on (Exhibit 1.12-1 and 1.12-2) Names and addresses of the owners are:

Surface

Canyon Fuel Company, LLC
9815 South Monroe Street, Suite 203
Sandy, UT 84070
~~225 North 5th Street, 9th Floor~~
~~Grand Junction, CO 51501~~

Pine Canyon Ranch, LLC
84 North 1280 West
Price, UT 84501

Carbon County
751 East 100 North
Price, Utah 84501

David and Mildred Cave, et al.

~~Sunnyside Star Route~~
1220 South 530 West
Price, Utah 84501

~~Fannon T. Shimmin~~
~~P. O. Box 785~~
~~Price, Utah 84501~~

~~John Frederick Artman~~
~~P.O. Box 22~~
~~Mountain City, Georgia 30562~~

Deloris and Shane Lynn Nelson
P.O. Box 393
Cleveland, UT 84518-0393

Jerry Birch
188 West 200 North
Huntington, UT

~~Newell H. and Madge Nelson~~
~~Cleveland, Utah 84518~~

~~Louise L. Iriart Properties, LLC~~
~~Route 1, Box 172 485 East 100 North~~
Price, Utah 84501

Verdis and Pauline Barker
1400 South 3250 East
Price, UT 84501

State of Utah
School and Institutional Trust Lands Admin.
675 East 500 South
Salt Lake City, Utah 84102-2818

United States of America
Department of Interior
Bureau of Land Management
Price Coal Office
125 South 600 West
Price, Utah 84501

Subsurface

State of Utah
School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Canyon Fuel Company, LLC
9815 South Monroe Street, Suite 203
Sandy, UT 84070

~~225 North 5th Street, 9th Floor
Grand Junction, CO 81501~~

United States of America
Department of Interior
Bureau of Land Management
Price Coal Office
125 South 600 West
Price, Utah 84501

112.700 MSHA Numbers

The mine name and identification number are as follows:

Soldier Canyon Mine
Mine ID No. 42-0007

112.800 Interest in Contiguous Lands

Canyon Fuel Company, LLC has interests in lands contiguous to the area covered by the mine permit (Exhibit 1.12-1 and 1.12-2).

112.900 Certification of Submitted Information

Canyon Fuel Company, LLC hereby attests that the information contained in this permit document is true and correct to the best of their knowledge.

113 Violation Information

For additional information refer to General Chapter 1 binder for Canyon Fuel Company, LLC Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

114 Right-of-Entry Information

Canyon Fuel Company, LLC bases its right to enter and continue underground mining activities on a number of documents pertaining to coal leases and surface ownership in the permit area (Exhibit 1.12-1 and 1.12-2). Canyon Fuel Company, LLC owns, or has a working agreement with the lessee of all the coal to be mined in the five year permit term. All surface facilities are constructed on Bureau of Land Management Rights-of-Way and Coal Lease Lands.

The coal leases, supporting documents, and a surface consent agreement to conduct underground mining are summarized below.

Federal Coal Leases

Federal Lease No. SL 051279-063188

Date of Lease: January 4, 1935

Lands Covered:

T.13S., R11E., SLB&M

Sec. 12: E/2E/2

Sec. 13: NE/4 NE/4

T13S. R12E. SLB&M

Sec. 7: All

Sec. 8: W/2

Sec. 17: NW/4

Sec. 18: N/2 NE/4, SE/4 NE/4, NE/4 NW/4, Lot 1
(NW/4 NW/4)

Containing: 1548.31 acres

Supporting Documents:

1. Assignment of federal coal lease from Premium Coal Company to California Portland Cement Company on July 31, 1974, approved effective September 1, 1974, by BLM.
2. Assignment of Federal coal lease from California Portland Cement Company to Sunedco Coal Company on August 23, 1985, approved by BLM on September 5, 1985.
3. Working agreement established between Applicant and Sunedco Coal Company.
4. Working agreement established between Sunedco and Sage Point Coal Company.

Sale agreement established between Sage Point Coal Company and the Applicant.

Federal Permission to Mine

Federal Lease No. SL 051279-063188

Date of Lease: Permission was attached to by the U.S. Geological Survey Mining Supervisor on December 11, 1974.

Lands Covered:

T.13S., R11E., SLB&M

Sec. 13: SE/4 NE/4, NE/4 SE/4

T.13S., R12E., SLB&M

Sec. 18: Lot 2 (SW/4 NW/4), SE/4 NW/4

Containing: 163.32 acres

Supporting Documents:

1. Assignment of Federal Coal Lease SL 051279-063188 from California Portland Cement Company to Sunedco Coal Company on August 23, 1985, approved by BLM on September 5, 1985.
2. Working agreement established between Soldier Creek Coal Company and Sunedco Coal Company.

Supporting Documents:

1. Modified coal lease from the BLM to Sage Point Coal Company dated August 24, 1990.
2. Sale agreement established between Sage Point Coal Company and the Applicant.

Federal Coal Lease UTU-69635

Date of Lease: October 1, 1995

Lands Covered:

T.13S., R11E., SLB&M

Sec. Lots 1-7, Lot 8 for all coal except the Rock Canyon seam

Sec. 10: E ½ E ½

Sec. 11: All

Sec. 12: W ½ W ½

Sec. 13: W ½ NW ¼, SE ¼ NW ¼, SW ¼

Sec. 14: N ½, N ½ S ½, SE ¼, SE ¼

Sec. 15: NE ¼ NE ¼

Sec. 23: N ½ NE ¼ NE ¼

Sec. 24: N ½ N ½; NW ¼

Containing 2,177.52 acres

Supporting Documents:

1. Coal Lease UTU-69635 Form 3400-12, Appendix 1B.
2. BLM Environmental Assessment, March 1995, Appendix 1A.

Sale agreement between Sage Point Coal Company and the Applicant.

~~Unleased Federal Coal Leases~~

~~Lands Covered:~~

~~These lands are outside the approved five-year term of the permit and may be acquired from the United States of America (BLM). These lands are included to show the progression of mine development over the mine's life.~~

~~T.12S., R.12E., SLB&M~~

~~Sec. 31: All~~

~~Containing: 600 acres~~

~~T.12S., R.12E., SLB&M~~

~~Sec 33: SW1/4, SE 1/4~~

~~Containing: 320 acres~~

~~T.12S., R.12E., SLB&M~~

~~Sec 34: SW1/4~~

~~Containing: 160 acres~~

~~Supporting Documents:~~

~~The Applicant will not enter the property until all legal rights (leases) have been obtained.~~

~~The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.~~

Federal Coal Leases Contiguous to Permit Area

(Proposed lease additions not within this Permit Term)

Federal Coal Lease U-07064-027821

Lands Covered:

T.13S., R12E., SLB&M

3. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

State Coal Lease ML-22590

Date of Lease: January 25, 1965

Lands Covered:

T.13S., R12E., SLB&M

Sec. 2: All

Containing 375.52 acres

Supporting Documents:

1. Assignment of lease ML-22590 from Heiner Coal Co. to PG and E on August 2, 1976, approved August 9, 1976, by Utah Division of State Lands.
2. Assignment of lease ML-22590 from PG and E to Eureka on December 8, 1978, approved January 8, 1979, by Utah Division of State Lands.
3. On March 4, 1982, Eureka Energy Company assigned to Sunoco Energy Development Co. all rights and privileges as lessee in such lands.
4. Effective November 30, 1985, all coal reserves in the state of Utah formerly owned by Sunedco became owned or leased by Sage Point Coal Company
5. Sale agreement between Sage Point Coal Company and the Applicant.
6. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

State coal leases ML 21994 and ML 22675 have been relinquished to the state with no obligations as evidenced by letters from the State of Utah contained in Appendix 1-C.

Unleased Private Coal Leases

~~These lands are outside the approved five-year term of permit and may be acquired from individual owners. The lands are included to show the progression of mine development over the mine's life.~~

~~———— T.12S., R12E., SLB&M~~

~~Sec 31: NE 1/4, NE 1/4~~

~~Containing: 40 acres~~

~~Sec 32: NW 1/4, NE 1/4~~

~~Containing: 40 acres~~

~~Sec 33: NE 1/4 NE 1/4~~

~~Containing: 40 acres~~

~~Sec 34: NW 1/4~~

~~Containing: 160 acres~~

~~Supporting Documents:~~

- ~~1. The Applicant will not enter the property until all legal rights (leases) have been obtained.~~
- ~~2. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.~~

Fee Coal Contiguous to Permit Area

~~(Proposed lease additions not within this Permit Term)~~

~~Parcel 1 - "Fish Creek Canyon" Fee Coal~~

~~Owner in Fee: Canyon Fuel Company, LLC~~

~~Lands Covered:~~

~~T.13S., R12E., SLB&M~~

~~Sec. 16: All~~

~~Containing: 640.0 acres~~

~~Supporting Documents:~~

- ~~1. On March 4, 1982, Eureka Energy Company conveyed and warranted to Sunoco Energy Development Co. Fee Coal interest 801671 and 801672.~~
- ~~2. Effective November 30, 1985, all coal reserves in the state of Utah formerly owned or leased by Sunedco became owned or leased by Sage Point Coal Company.~~
- ~~3. Sale agreement between Sage Point Coal Company and the Applicant.~~
- ~~4. Canyon Fuel Company, LLC will not enter the property until all DOGM permitting requirements are satisfied and approved.~~

~~Parcel 2 - "Dugout Canyon" Fee Coal~~

~~Owner in Fee: Canyon Fuel Company, LLC~~

~~Lands Covered:~~

~~T.13S., R12E., SLB&M~~

~~Sec. 23: W/2 NE/4, E/2 NW/4~~

~~Containing: 160.0 acres~~

~~Supporting Documents:~~

- ~~1. On March 4, 1982, Eureka Energy Company conveyed and warranted to Sunoco Energy Development Co. Fee Coal interest 801681.~~
- ~~2. Effective November 30, 1985, all coal reserves in the state of Utah formerly owned or leased by Sunedco became owned or leased by Sage Point Coal Company.~~
- ~~3. Sale agreement between Sage Point Coal Company and the Applicant.~~
- ~~4. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.~~

Fee Coal - Alkali Tract

Owner in Fee: Canyon Fuel Company, LLC

Lands Covered:

T.13S., R11E., SLB&M

Sec. 2: All

Sec. 3: Lots 5, 6 and 7

Sec. 10: NW/4, W/2 NE/4, NW/4 SW/4, NW/4 SE/4

Containing: 757.49 acres

Supporting Documents:

1. On March 4, 1982, Eureka Energy Company conveyed and warranted to Sunoco Energy Development Co. Fee Coal interest 801681.
2. Effective November 30, 1985, all coal reserves in the state of Utah formerly owned or leased by Sunedco became owned or leased by Sage Point Coal Company.

(SC3), giving SC3 its approval to proceed with the road relocation.

County Road Right-of-Way Encroachment Authorization (Topsoil Storage Access Road)

Date of Agreement: April 4, 1991

Consentor: Carbon County

Consentee: Soldier Creek Coal Company

Lands Covered:

Area of access road that will encroach upon Carbon County's right-of-way.

Supporting Documents:

Letter from Evan Hansen (County Engineer) granting Soldier Creek Coal Company permission to encroach upon Carbon County's road right-of-way, and subsequent sale of Soldier Creek Coal Company to the Applicant.

Surface Use and Access Agreement - Pine Canyon Ranch LLC is located in Appendix 1-B.

115 Status of Unsuitability Claims

To the best knowledge of Canyon Fuel Company, LLC, no portion of the area to be permitted is designated, or under study for being designated, unsuitable for mining.

CFC does not propose to conduct coal mining or reclamation operations within 300 feet of any occupied dwelling. There are no public roads and no occupied dwellings within the area proposed to be added to the permit by the Alkali Tract Significant.

The Applicant has received formal permission from the Carbon County Commissioners to mine within 100 feet of the right-of-way of a public road. The Applicant is conducting mining activities within 100 feet of a public road. Soldier Creek Road is the public road and the affected portion is a stretch within the permit area, T.13S., R12E., Sections 18 and 7, Carbon County, Utah. The legal description of the permit boundary is provided in Section 1.17.200. Areas of disturbance are illustrated on Exhibits 5.21-2, 5.21-3, 5.26-1 and Plate 5-1.

CFC believes the information in the permit application and this Notice of Change of Ownership and Control Information to be complete and correct.

Canyon Fuel Company, LLC

Soldier Canyon Mine
~~August~~ October 2019

APPENDIX 1-B

SURFACE AGREEMENTS

SURFACE USE AND ACCESS AGREEMENT

THIS SURFACE USE AND ACCESS AGREEMENT (the "Agreement"), dated effective this _____ day of April, 2019 (the "Effective Date"), is by and between ~~Pine Canyon Ranch, LLC, a Utah limited liability company (hereinafter referred to as "Surface Owner"), and Canyon Fuel Company, LLC, a Delaware limited liability company (hereinafter referred to as "Grantee")~~. The parties hereby agree as follows:

RECITALS

A. Surface Owner owns or otherwise controls the surface estate of those certain lands (the "Lands") located in the County of Carbon, State of Utah, as further described in Exhibit 1 attached hereto and made a part hereof;

B. Grantee owns, leases or otherwise controls the coal underlying the Lands, or, in the future, may acquire, own, lease or control the coal and mining rights in coal seams underlying the Lands, which rights include, but are not limited to, the right to prospect for, mine and remove said coal seams. The present and future rights of Grantee, its affiliated or related companies and their respective successors and assigns to mine the coal underlying the Lands are collectively referred to in this Agreement as "Grantee's Coal Mining Operations";

C. Surface Owner recognizes that Grantee has the right to reasonable use of so much of the surface of the Lands as may be necessary to explore for, mine and remove coal from the Lands; and

D. Surface Owner and Grantee have agreed to enter into this Agreement regarding Grantee's use of the surface of the Land in connection with Grantee's Coal Mining Operations.

AGREEMENT

In consideration of the covenants and agreements herein contained, and other good and valuable consideration, Surface Owner and Grantee hereby agree as follows:

1. Consent to Surface Use. Surface Owner does hereby grant unto Grantee the rights and privileges set forth herein, together with the right and privilege to enter upon and through the Lands for the purpose of conducting Grantee's Coal Mining Operations, upon the conditions and provisions set forth in this Agreement.

2. Term. Except as expressly stated herein, the term of access rights granted to Grantee under Section 3 of this Agreement, and all rights, terms and conditions granted hereunder, shall commence on the Effective Date and shall terminate upon the final reclamation and reclamation bond release in respect of both the Dugout Canyon and Soldier Creek coal mines (the "Term").

3. Allowed Uses/Restrictions.

a. Surface Owner hereby grants to Grantee, its employees, agents, licensees, invitees, contractors, subcontractors, successors and assigns the right and privilege to enter upon, through, under, over and across so much of the Lands as is reasonably necessary for Grantee's Coal Mining Operations, including without limitation, the right to subside the surface of the Lands, ~~and any and all structures located in, on or under the surface of the Lands; the right to survey;~~ explore; prospect; sample; drill; develop; conduct seismic surveys; conduct geologic investigations; conduct underground (but not surface) mining operations; make repairs to the surface of the Lands and any and all structures located thereon, as reasonably determined by Grantee to be necessary or required and which is/are a direct result of subsidence due to the underground mining operations of Grantee or otherwise required pursuant to this Section 3; construct subsidence monuments; install, maintain and access methane drainage wells, ventilation facilities, and water monitoring wells; and reclaim disturbed areas.

b. Surface Owner hereby grants to Grantee, its employees, agents, licensees, invitees, contractors, subcontractors, successors and assigns the continuous right and privilege to undermine the surface of the Lands. Grantee shall not be required to (i) leave or provide subjacent or lateral support for the overlying strata or surface or anything located thereon, therein or thereunder or (ii) pay any compensation to Surface Owner beyond that provided for in this Agreement for such subsidence. Surface Owner waives any right to lateral or subjacent support of the Lands.

c. Surface Owner hereby grants to Grantee the right to use so much of the surface and subsurface of the Lands as Grantee may determine is reasonably necessary, useful, or convenient in conducting Grantee's Coal Mining Operations. Those uses may include, but are not limited to, constructing, operating, maintaining, and accessing roads, utilities, power lines, ventilation facilities, pipelines, mine related ponds and wetlands, facilities, pipelines, shafts, boreholes, exploration holes, monitoring wells, equipment, and water structures which may be reasonably necessary, useful, or convenient for Grantee's Coal Mining Operations.

d. Surface Owner hereby grants to Grantee the right of ingress and egress for Grantee, its employees, agents, licensees, contractors, subcontractors, invitees, successors and assigns on or across existing private roads on the Lands to the nearest public road or roads as reasonably necessary, useful, or convenient to support Grantee's Coal Mining Operations. Grantee shall use existing roads to the extent reasonably possible although Grantee shall have the right to construct new roads on the Lands in compliance with applicable law and regulations, and subject to reasonable accommodation of Surface Owner's use of the Lands, when necessary, useful, or convenient for Grantee's Coal Mining Operations.

e. Grantee shall use Surface Owner's roads which are located on the Lands in a reasonable and prudent manner (and in all cases in compliance with applicable law and regulations) so as to prevent damage to such roads and any improvements which may be located thereon or which may be adjacent thereto. Grantee shall use reasonable efforts to limit vehicular traffic to utilize existing roads or previously utilized routes as often as is reasonably practicable in order to minimize surface disturbance. Grantee shall use reasonable efforts to ensure that the speed of all vehicles shall be kept to a reasonable rate. Any damage to the roads on the Lands caused by Grantee's Coal Mining Operations in excess of ordinary wear and tear shall, weather permitting,

be repaired by Grantee as soon as is practicable to as nearly as possible the condition existing prior to such damage.

f. Grantee shall provide Surface Owner with written notice two weeks prior to undertaking any surface-disturbing activities.

g. During the Term of this Agreement, Grantee shall provide Surface Owner with written notice annually on or around April 1st of Grantee's activities planned for the upcoming year.

h. Grantee shall use its reasonable efforts to ensure that its employees, agents, licensees, contractors, subcontractors and invitees who enter upon the Lands shall comply with the terms of this Agreement.

i. No person who is on the Lands by virtue of the rights granted to Grantee hereunder shall be permitted to carry firearms or do or perform any act except those acts that are reasonably related to the rights granted hereby. Specifically, but not by way of limitation, no such person shall be permitted to engage in recreational pursuits, including hunting and fishing on or within the boundaries of the Lands.

j. For so long as Grantee shall have access to the Lands pursuant to this Agreement, and prior to conducting any activities on the Lands, Grantee shall procure and maintain such insurance, covering all persons working at or on the Lands for or on behalf of Grantee, as will fully comply with the requirements of the laws of the State of Utah pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Grantee agrees to carry liability insurance with respect to such activities in reasonable amounts not less than the greater of: (i) the minimum levels required by law and (ii) as set forth below:

(A) Commercial General Liability Insurance with limits of not less than \$5,000,000 per occurrence.

(B) Automobile Liability Insurance, with:

(1) Limits of not less than \$1,000,000 Combined Single Limit per accident.

(2) Coverage applying to any truck or automobile.

Surface Owner shall be named as an additional insured on the policies described in clauses (A) and (B) above. Prior to conducting or authorizing the conduct of any activities on the Lands, Grantee shall provide to Surface Owner certificates evidencing the required amounts of insurance coverage and naming Surface Owner as an additional insured on the policies, which such certificates shall provide for at least 30 days prior written notice of cancellation of the policies to Surface Owner, and for a waiver of subrogation in favor of Surface Owner.

4. **Rights Reserved by Surface Owner.** Grantee's rights to use the surface of the Lands under this Agreement are non-exclusive. Surface Owner has the right to use and occupy,

and to permit others to use and occupy, the Lands or any part thereof for farming, ranching, grazing livestock, hunting, fishing and other recreational uses of all kinds, or for any other purpose not inconsistent with Grantee's rights hereunder, together with all rights reasonably necessary to those purposes. Grantee's rights hereunder shall be exercised so as not to unreasonably interfere with ~~Surface Owner's interests and uses of the Lands, and Surface Owner shall exercise its rights in the~~ Lands so as not to unreasonably interfere with the activities of Grantee permitted hereunder. Surface Owner shall hold harmless and fully defend and indemnify Grantee against all claims, demands, liabilities and costs (including without limitation reasonable attorney's fees) made against or incurred by Grantee from any liability caused by or arising from the use of the Lands by Surface Owner or its agents, employees or invitees.

5. **Repairs.** Grantee shall be responsible for making all repairs to surface structures, including water structures, located on the Lands necessitated by Grantee's activities on or with respect to the Lands. Grantee shall be responsible for the cost of all repairs made by it in accordance with this Agreement. All repairs shall be done in a workmanlike manner by Grantee to Surface Owner's reasonable satisfaction; however, prior to the commencement of and following the completion of any repair work, Grantee shall notify Surface Owner of such in order to allow Surface Owner to be present during and after such work has been completed by Grantee. Grantee shall not be obligated to perform repairs to any surface structures located on the Lands beyond that which may be necessary to restore the structures to substantially the same condition which existed prior to such damage. Grantee shall not be obligated to make or pay for any repairs for damage caused by the negligence of Surface Owner or its agents, employees or invitees. Grantee shall notify Surface Owner promptly upon completion of Grantee's Coal Mining Operations (other than reclamation obligations imposed by applicable law and regulations with respect to Grantee's Coal Mining Operations), and within one year thereafter, Surface Owner shall inspect the Lands and the improvements located thereon, therein and thereunder and Grantee shall complete any final repairs that Surface Owner may reasonably require.

6. **Gates.** During the Term, Grantee shall keep all gates on the Lands open or closed as found. During the Term, the parties mutually agree to keep all gates locked in such a manner so as to permit access by both Surface Owner and Grantee at any time, either by a double lock system or otherwise. Grantee agrees to limit access to the Lands, including the distribution of keys to any lock(s), to those employees, agents, licensees, contractors, subcontractors and invitees of Grantee who are engaged in Grantee's operations on the Lands, and will keep a log of all such individuals possessing keys to any lock(s).

7. **Waste.** Grantee shall not commit or knowingly allow any other person to commit any waste or nuisance upon the Lands. Grantee shall not destroy, deface or damage any part of the improvements on the Lands not owned by Grantee or knowingly permit any other person to do so. **Taxes.** Surface Owner shall be responsible for the payment of all real estate taxes assessed against the Lands; however, Grantee shall be responsible for all ad valorem and/or personal property taxes which may be levied or assessed against any and all improvements placed upon the Lands by Grantee.

8. **Encumbrances.** Grantee shall keep the Lands free and clear of any and all liens and encumbrances arising or which might arise, for any reason, out of Grantee's use of the Lands or Grantee's Coal Mining Operations.

9. **Hold Harmless.** Grantee shall hold harmless and fully defend and indemnify Surface Owner and its affiliates, agents, partners, employees, licensees and invitees against all claims, demands, liabilities, losses, damages, payments, deficiencies, awards, settlements, judgments and costs (including without limitation reasonable attorneys' fees) including without ~~limitation liabilities under or arising from or out of the breach of any environmental laws or~~ regulations, of any kind or nature which may be made by third parties upon Surface Owner or its affiliates or against Surface Owner's interest in the Lands on account of: (a) any debt or expense contracted or incurred by Grantee relating to subsidence or surface use under this Agreement; (b) any and all acts, transactions and omissions of Grantee, its affiliates, employees, agents, contractors, subcontractors, lessees, partners or co-venturers, invitees, licensees and suppliers relating to subsidence or surface use under this Agreement; (c) injury to, or death of, any person or damage to any property sustained resulting from any act or omission of Grantee, its affiliates, employees, agents, contractors, subcontractors, lessees, partners or co-venturers, licensees, invitees and suppliers relating to subsidence or surface use under this Agreement, or any unsafe condition of the Lands created by subsidence or surface use under this Agreement; and (d) any and all penalties or charges imposed upon Surface Owner by federal, state or local governmental authorities on account of Grantee's failure to comply with all laws, rules, regulations or orders of such authorities relating to subsidence or surface use under this Agreement. Notwithstanding the foregoing, Surface Owner hereby disclaims and waives any and all claims and causes of action based on alleged noise or visual nuisance. Specifically, Surface Owner agrees that the placement, use, operation, repair and reclamation of ventilation facilities shall not constitute the basis for any claim for interference with the use and enjoyment of the Lands including hunting and agricultural activities. The provisions of this Section 9 shall survive the termination of this Agreement and the rights of Surface Owner pursuant to this Section 9 shall not be extinguished or otherwise affected by any assignment or delegation of the rights or obligations set forth in this Agreement.

10. **Successors.** In connection with any grant, sale, transfer, conveyance, lease or license of any of the Lands, Surface Owner shall require any grantee, purchaser, transferee, lessee or licensee to acknowledge this Agreement and agree in writing that such grantee's, purchaser's, transferee's, lessee's or licensee's rights with respect to the Lands are subject to the terms of this Agreement and that such grantee, purchaser, transferee, lessee or licensee is bound by the terms of this Agreement. It is the intent of the parties that all rights, covenants, conditions, and terms of this Agreement shall be of benefit to and, to the greatest extent possible by law, run as a covenant with the Lands all accessions thereto and all successions thereof and shall bind and inure to the benefit of the parties, their respective successors and assigns.

11. **Waiver.** No provision of this Agreement may be waived except by an instrument in writing signed by the party to be charged with the waiver. No waiver shall be a continuing waiver unless expressly so stated in the instrument of waiver. The failure to enforce any provision of this Agreement shall not constitute a waiver of or impair the effectiveness of this Agreement.

12. **Amendment.** This Agreement may be amended only by a written amendment signed by both parties.

13. **Attorneys' Fees.** If one party breaches this Agreement and the other party begins legal action to enforce its rights, the party who is successful in the action shall be entitled to be

paid its expenses and costs of the action, including, without limitation, reasonable attorneys' fees incurred in connection therewith.

14. **Recordation.** This Agreement may not be recorded; however, the parties agree to execute a Memorandum of Surface Use and Access Agreement for recording purposes which will refer to and incorporate this Agreement therein by reference.

15. **Surrender of the Premises.** Upon expiration of the Term, Grantee shall peacefully surrender the Lands to Surface Owner, free and clear of all liens and encumbrances made or allowed by Grantee or in any way arising out of this Agreement or Grantee's use of the Lands. In addition, promptly following completion of Grantee's Coal Mining Operations (other than reclamation obligations imposed by applicable law and regulations with respect to Grantee's coal mining operations) Grantee agrees to the following:

- a. To repair any damages to Surface Owner's improvements caused by Grantee's operations, consistent with Section 3;
- b. To remove any and all buildings, equipment, materials, supplies and all other improvements placed upon the Lands by Grantee at its own cost, risk and expense within one (1) year thereafter;
- c. To perform all reclamation which may be required by applicable law and regulations; and
- d. Following the completion of items (a)-(c) above, to provide Surface Owner with a release of this Agreement in recordable form.

16. **Notices.** Any payment, notice, request, demand, instruction or other document to be given hereunder or pursuant hereto to any Party shall be in writing and shall either be personally delivered (in which event such notice shall be deemed effective only upon such delivery), delivered by reputable overnight courier (in which event such notice shall be deemed effective one business day following deposit with such courier), or delivered by mail, sent by registered or certified mail, postage prepaid, return receipt requested (in which event such notice shall be deemed effective three (3) business days after deposit of same in any United States Mail post office box, to each of the Parties at the address set forth below:

If to Surface Owner:

Pine Canyon Ranch, LLC
Attn: Jerry Carlson
89 North 1290 West
Price, UT 84501
(435) 650-3760
pricemine1@gmail.com

If to Grantee:

Canyon Fuel Company, LLC
Attn: Ryan Wilson, Landman
1401 N 1st St, Suite A
Grand Junction, CO 81501
(970) 852-0110
rwilson@wolverinefuels.com

The addresses and addressees, for the purpose of this Section 16, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice is received, the last address and addressee stated by written notice of change, or if

no notice of change has been sent or received, the address and addressee stated above, shall be deemed to continue in effect for all purposes hereunder.

17. **Further Assurances.** Surface Owner, at the request of Grantee, shall execute and deliver to Grantee any available instruments, agreements, documents, permits or applications, or any other papers reasonably required by Grantee, and Surface Owner shall do such other acts as may be reasonably requested by Grantee, all to effect the purposes of this Agreement. Conversely, Grantee, at the request of Surface Owner, shall execute and deliver to Surface Owner any available instruments, agreements, documents, permits or applications, or any other papers reasonably required by Surface Owner, and Grantee shall do such other acts as may be reasonably requested by Surface Owner, all to effect the purposes of this Agreement. Surface Owner agrees to support Grantee's efforts to obtain any necessary federal, state, and local governmental agencies approval of any leases, NEPA actions, permits, licenses, and any other agreements with landowners, water rights owners, and water users associations in conjunction with Grantee's Coal Mining Operations.

18. **Counterpart Agreements.** This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one Agreement, and shall be binding upon all owners of interest in the Lands executing the same or a counterpart hereof, whether or not named herein as one of the parties, and whether or not the owners of interests in the Lands have executed other counterparts or have not entered into this Agreement.

19. **Entire Agreement.** This Agreement constitutes the full and complete agreement between the parties regarding the subject matter hereof and all parties executing this Agreement have received a copy of same. Upon termination of this Agreement the Parties shall retain all rights they may have to use the Lands under any other agreement, deed, lease, or other instrument.

20. **Severance.** Should any portion of this Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

21. **Construction.** Section headings in this Agreement are inserted for convenience only, and shall not be considered a part of this Agreement, or used in its interpretation. Unless otherwise provided, or unless the context shall otherwise require, words importing the singular number shall include the plural number, words importing the masculine gender shall include the feminine gender, and vice versa. This Agreement shall not be construed against either party merely or solely because of the draftsmanship hereof.

22. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Utah, and all rules, regulations and ordinances of the County of Carbon. Each of the parties hereto consents to the jurisdiction of any appropriate court in the State of Utah in the event there is a dispute or disagreement arising out of this Agreement. To the extent permitted by current or future laws and regulations, the waiver and rights granted in this Agreement are intended to apply to the Lands without the need for Grantee to obtain any future agreements or consents from the current or future owner of the Lands during the term of this Agreement. Should new laws or regulations require future agreements or consents to grant Grantee the same waiver or rights granted herein, the then current owner of the Lands shall execute all

documents necessary to grant said waiver and rights to Grantee without payment of additional consideration by Grantee. To the extent permitted by current or future laws and regulations, it is the intent of Surface Owner and Grantee, and they shall execute any necessary documentation to confirm, that new laws and regulations not act to impose on Grantee any obligations more stringent than those contained herein. This Agreement may be enforced in appropriate proceedings at law or in equity, and injunctive relief shall be available in the event of violations or threatened violations of this Agreement.

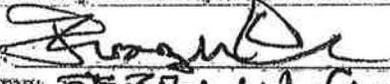
23. **Binding Effect**. All the terms, conditions and covenants of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of each of the parties hereto.

24. **Relationship of the Parties**. This Agreement does not create, nor is it intended to create, a partnership, joint venture or any other business relationship between the parties.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Surface Owner and Grantee have executed this Agreement in duplicate effective the date first above written.

Pine Canyon Ranch, LLC

By: 
Name: TERRY W. Cannon
Title: AUTHORIZED MEMBER

Canyon Fuel Company, LLC

By: 
Name: Brian S. Settles
Title: Chief Administrative Officer

SCHEDULE A
Legal Description

TOWNSHIP 13 SOUTH, RANGE 11 EAST, SALT LAKE BASE AND MERIDIAN

Section 25: E1/2E1/2; W1/2SE1/4; SE1/4SW1/4; E1/2NE1/4SW1/4; S1/2SW1/4NE1/4

Section 36: NW1/4NE1/4; E1/2NW1/4; N1/2SW1/4; E1/2SE1/4

TOWNSHIP 13 SOUTH, RANGE 12 EAST, SALT LAKE BASE AND MERIDIAN

Section 2: Lots 1, 2, 3 and 4; S1/2 (All)

Section 3: Lots 1, 2, 3 and 4; S1/2 (All)

Section 4: Lots 1, 2, 3 and 4; S1/2 (All)

Section 5: Lots 1, 2, 3 and 4; S1/2 (All)

Section 7: NE1/4SE1/4

Section 8: All

Section 9: All

Section 10: All

Section 11: All

Section 12: W1/2; S1/2NE1/4; W1/2SE1/4

Section 13: W1/2NW1/4; NE1/4NW1/4

Section 14: N1/2; N1/2S1/2; SW1/4SW1/4; SE1/4SE1/4

Section 15: All

Section 16: All

Section 17: All

Section 20: NE1/4

Section 29: W1/2; W1/2E1/2

Section 30: Lots 1, 2, 3 and 4 (W1/2W1/2); E1/2SW1/4

Section 31: Lots 1, 2 and 3 (W1/2NW1/4, NW1/4SW1/4); E1/2NW1/4

TOWNSHIP 14 SOUTH, RANGE 11 EAST, SALT LAKE BASE AND MERIDIAN

Section 1: SE1/4NE1/4; E1/2SE1/4

Section 12: E1/2E1/2; SW1/4SE1/4

TOWNSHIP 14 SOUTH, RANGE 12 EAST, SALT LAKE BASE AND MERIDIAN

Section 3: S1/2S1/2

Section 5: S1/2SE1/4

Section 8: NE1/4NE1/4; W1/2NE1/4; SW1/4; E1/2NW1/4

Section 9: SE1/4

Section 10: E1/2; SW1/4; E1/2NW1/4; SW1/4NW1/4

Section 11: SE1/4NE1/4; E1/2SE1/4; SW1/4SE1/4; W1/2

Section 13: W1/2SW1/4; S1/2NW1/4; NE1/4SW1/4

Section 14: All

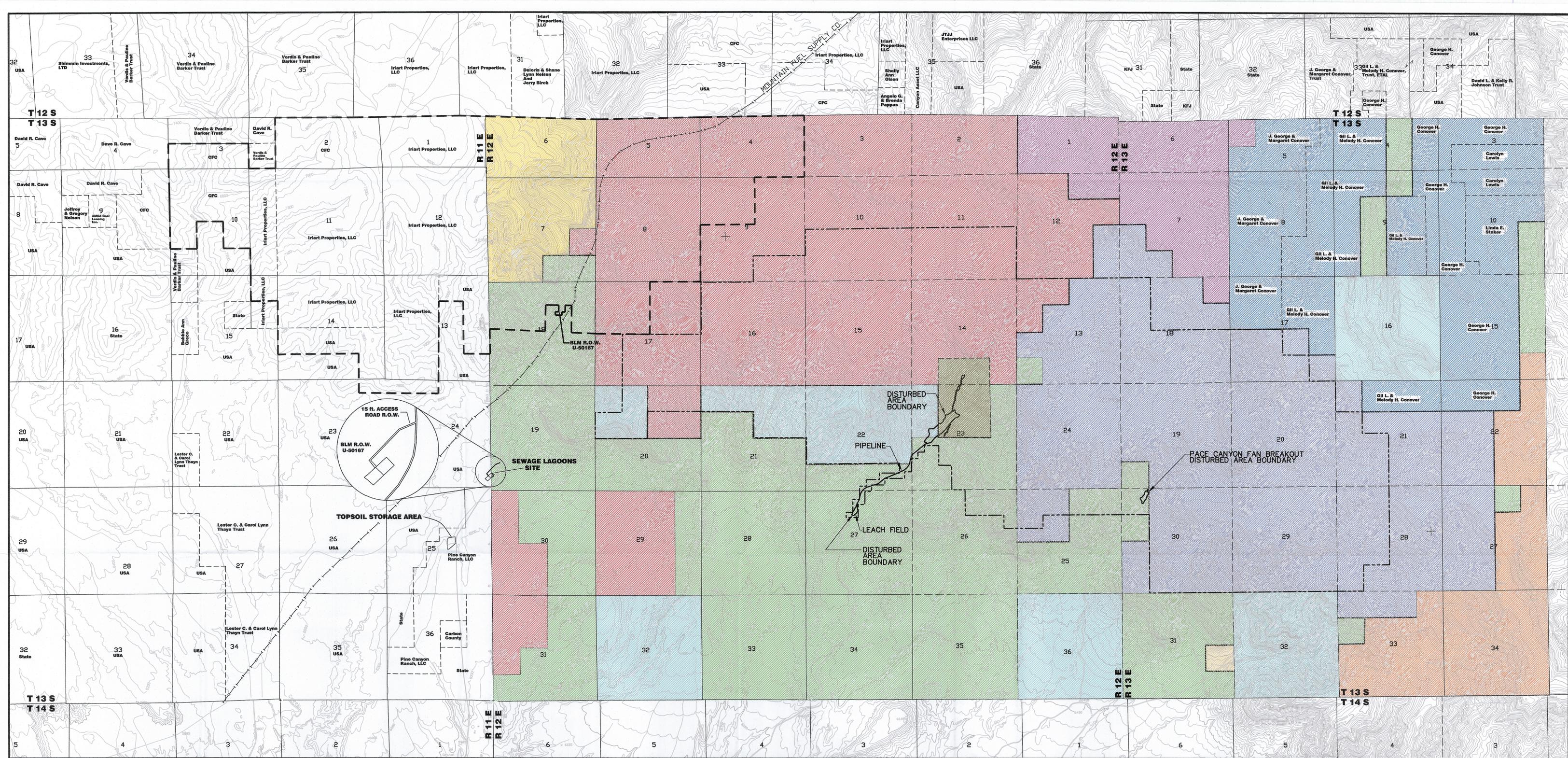
Section 15: E1/2; SW1/4; E1/2NW1/4

Section 17: NW1/4; SE1/4; E1/2SW1/4; NW1/4SW1/4

Section 20: N1/2NE1/4

Section 21: NE1/4NW1/4; W1/2NW1/4; SE1/4NE1/4

Section 22: NW1/4



LEGEND

	MILTON AND ARDITH THAYN TRUST		KFJ RANCH PARTNERSHIP (KFJ)		CANYON FUEL COMPANY, LLC (CFC)
	UNITED STATES OF AMERICA (USA)		IRIART PROPERTIES TRUST		PERMIT AREA BOUNDARY (DUGOUT)
	STATE OF UTAH (STATE)		GLEN L. WELLS		PERMIT AREA BOUNDARY (SOLDIER CANYON)
	PINE CANYON RANCH, LLC		GEORGE H. CONOVER J. GEORGE AND MARGARET CONOVER TRUST GIL L. AND MELODY H. CONOVER TRUST CAROLYN LEWIS LINDA E. STAKER		
	PENTA CREEK, L.L.C. - 65.5% MAGNIFICENT SEVEN, L.L.C. - 34.5%				



REVISION	
DATE	BY
03-05	VSM
01-26-07	JKS
10/09/07	SC
02/21/08	VSM/SWF
03/02/12	JKS
07/06/16	BK/JKS
07/22/16	JKS
08/20/19	JKS

Canyon Fuel Company, LLC
Soldier Canyon & Dugout Canyon Mines

SURFACE OWNERSHIP

Soldier Canyon Mine

DRAWN BY: JLP	DATE: MAY 5, 1999	SCALE: 1"=2000'
APPROVED BY: VSM	FILE NAME: D402.DWG	EXHIBIT NUMBER: 1.12-1