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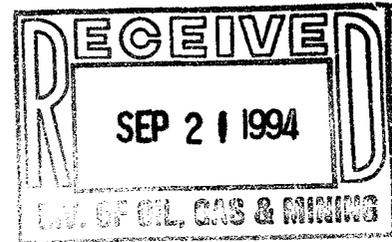
James T. Jensen
Executive Vice President
and General Counsel



5250 South 300 West
Suite 200
Salt Lake City, Utah 84107
(801) 263-9400
FAX (801) 261-8766

September 20, 1994

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



Re: Mountain Coal - Savage
C.V. Spur

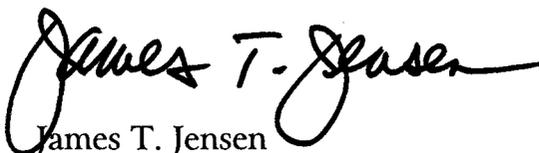
ACT/007/022 #2
Copy Pam (all)

Enclosed is a copy of the Lease Agreement With Option To Purchase between Mountain Coal Company and Savage Industries Inc. which was executed on September 9, 1994. As discussed, the economic terms have been deleted as well as Exhibit M - Purchase and Sale Agreement Form.

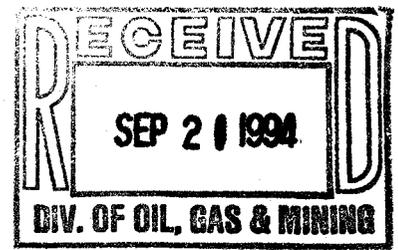
The AVS listing is in the name of Savage Industries Inc.

Call me if you have any questions.

Sincerely,


James T. Jensen

Enclosures



**LEASE AGREEMENT
WITH OPTION TO PURCHASE**

between

**MOUNTAIN COAL COMPANY
and
SAVAGE INDUSTRIES INC.**

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EXHIBITS

- A PREP PLANT
- B LOADOUT FACILITY
- C REAL ESTATE
- D RAIL AGREEMENTS
- E WATER LINE AGREEMENTS
- F CAMPBELL AGREEMENT
- G WATER RIGHTS
- H EXCLUDED ITEMS
- I PERMITS
- J PREP PLANT CURRENT CONDITION
- K LOADOUT FACILITY CURRENT CONDITION
- L ESCALATION PROVISIONS
- M PURCHASE AND SALE AGREEMENT FORM

**LEASE AGREEMENT
WITH
OPTION TO PURCHASE**

This Lease Agreement with Option to Purchase ("Lease") is made and entered into effective the 9th day of September, 1994, (the "Commencement Date") by and between Mountain Coal Company, a Delaware corporation ("MCC") and Savage Industries Inc., a Utah corporation ("Savage").

RECITALS:

A. On February 25, 1994, Savage executed a Letter of Understanding the "LOU") which was executed by MCC on the 4th day March, 1994.

B. MCC owns and previously operated a coal preparation plant and rail loadout facility on real property located in Carbon County, Utah, described in Section 2 (the "CV Spur").

C. Savage desires to lease, with an option to purchase, the CV Spur from MCC.

D. MCC is willing to lease, with an option to purchase, the CV Spur to Savage.

E. Savage is concurrently with the execution of this Lease, purchasing certain mobile equipment and rolling stock used at the CV Spur from MCC.

NOW, THEREFORE, the parties agree as follows:

UNDERSTANDING AND AGREEMENT:

1. Lease

1.1 MCC hereby leases to Savage and Savage hereby leases from MCC the CV Spur, subject to the terms and conditions hereinafter set forth including the attached Exhibits A through M.

2. Description of CV Spur

2.1 The CV Spur consists of:

- (a) The coal preparation plant (the "Prep Plant") more fully described on Exhibit A;
- (b) The conveyors, bins, hoppers, silos, electrical components, equipment and railtracks (the "Loadout Facility") more fully described on Exhibit B;

- (c) The real property (the "Real Estate") more fully described on Exhibit C;
- (d) The lease and trackage agreements the "Rail Agreements") with the Southern Pacific Railroad formerly known as Denver and Rio Grande Western Railroad Company ("Southern Pacific") more fully described on Exhibit D;
- (e) The Right of Way Agreements with Cave, Critchlow and Campbell (the "Water Line Agreements") more fully described on Exhibit E;
- (f) The Agreement with R.D. and Peggy Campbell (the "Campbell Agreement") more fully described on Exhibit F; and
- (g) The water rights (the "Water Rights") more fully described on Exhibit G.
- (h) All other facilities and improvements situated upon and attached to the Real Estate.

2.2 The CV Spur shall not include the specific items described on Exhibit H.

3. MCC Representations and Warranties

3.1 MCC represents and warrants, to the best of its knowledge the following with full knowledge that Savage is relying thereon:

- (a) MCC is the fee title owner, with no mortgages, security interests, indebtedness or liens thereon, of the Prep Plant, the Loadout Facility, the Real Estate, and the Water Rights.
- (b) The Rail Agreements, the Water Line Agreements and the Campbell Agreement (collectively, the "Miscellaneous Agreements") are in good standing, are valid and binding according to the terms thereof, and there is no notice of any uncured defaults pertaining thereto.
- (c) The environmental and reclamation permits and licenses issued to MCC described on Exhibit I (the "Permits") are current and in good standing. To the actual present knowledge of MCC, except for a coal refuse stockpile

permit, no other environmental permits, reclamation permits or licenses are required in order for Savage to occupy and use the CV Spur as a coal storage and loadout facility.

- (d) The execution and performance of this Agreement by MCC have been fully authorized by all necessary corporate actions.
- (e) MCC is a Delaware corporation, qualified and in good standing to do business in the State of Utah.

3.2 The CV Spur and each constituent part thereof shall be delivered by MCC and accepted by Savage in its "as-is" condition, and MCC shall not be obligated to make any improvements or repairs thereto. Savage has conducted such inspections and examinations of the CV Spur as Savage believes is necessary to satisfy itself as to the condition thereof. The condition and state of repair of the Prep Plant as of the Commencement Date is described on Exhibit J (the "Prep Plant Current Condition"), and the condition and state of repair of the Loadout Facility as of the Commencement Date is described on Exhibit K (the "Loadout Facility Current Condition"). Savage and MCC accept the Prep Plant Current Condition and the Loadout Facility Current Condition as accurate descriptions of the current condition of the facilities described therein as of the Commencement Date. Except as expressly set forth herein, no representation or warranty has been made to or relied upon by Savage concerning the CV Spur, including, without limitation, the fitness or the suitability of the CV Spur for the conduct of Savage's business, nor has MCC agreed to undertake any modification, alteration, or improvement thereof.

4. Savage's Representations and Warranties

4.1 Savage represents and warrants, to the best of its knowledge, the following with full knowledge that MCC is relying thereon:

- (a) Savage is a Utah corporation in good standing, with full authority and legal right to enter this Lease and to operate the CV Spur as contemplated under this Lease.
- (b) The execution and performance of this Agreement by Savage have been fully authorized by all necessary corporate actions.
- (c) Savage has no unabated Notices of Violation from either the U.S. Office of Surface Mining ("OSM") or the Utah Division of Oil, Gas, and Mining ("DOGM").

5. Term

5.1 Subject to the provisions of Sections 9.1 thru 9.6, and 16.1 concerning early termination, the term ("Term") of this Lease is for a period of ten (10) years from the Commencement Date.

6. Fees

6.1 As consideration for this Lease, Savage agrees to pay to MCC:

(a) A fee ("Usage Fee") for each ton of coal (except coal described in Section 6.1(b)) loaded by Savage onto railcars at the Loadout Facility during each twelve month period ("Year") following the Commencement Date equal to:

- (1) [REDACTED]
- (2) [REDACTED]
- (3) [REDACTED]

If in any Year, the weighted average rate per ton ("Average Rate") received by Savage from its customers for loading coal into railcars at the Facility for that Year exceeds [REDACTED] the Usage Fee for that Year shall be adjusted retroactively to an amount equal to:

- (1) [REDACTED]
- and
- (2) [REDACTED]

(b) A fee [REDACTED] for each ton of coal loaded by Savage onto railcars from the approximate [REDACTED]

[REDACTED]

(c) A fee ("Prep Plant Fee") for coal processed by Savage or its successors through the Prep Plant during each Year equal to [REDACTED] of clean coal. The Prep Plant Fee shall continue, notwithstanding the purchase by Savage of the CV Spur established in Articles 9 or 17, for so long as the Prep Plant remains on the Real Estate.

- (d) An amount equal to the annual payments required to be paid by MCC pursuant to the Miscellaneous Agreements, which shall be paid by Savage to MCC within 30 days following MCC's payment thereof. Such amounts shall be pro-rated as necessary.
- (e) An amount equal to the annual county assessed real property taxes and state assessed personal property taxes for the Prep Plant, Loadout Facility and Real Estate, assessments on the Water Rights, and all other real and personal property taxes applicable to the CV Spur which shall be paid by Savage to MCC within 30 days following MCC's payment thereof. Such amounts shall be pro-rated as necessary.
- (f) An amount equal to premium costs [REDACTED] for reclamation bonds provided by MCC and on file with DOGM as provided in Section 10.4, which shall be paid by Savage to MCC within 30 days following MCC's payment thereof. Such amounts shall be pro-rated as necessary.

6.2 The Usage Fee, the [REDACTED] Fee, and the Prep Plant Fee shall be paid on or before the 25th calendar day of each month for the preceding month's tonnage based on rail weights determined by the Southern Pacific Railroad or scale weights at the CV Spur. Payments shall be accompanied by a statement showing in reasonable detail, the data upon which the Usage Fee, the [REDACTED] Fee, and the Prep Plant Fees have been computed pursuant to Sections 6.1(a), (b), and (c) as well as copies of Southern Pacific weigh bills for which Useage Fees are paid.

6.3 If the Usage Fee is adjusted retroactively, as provided in Section 6.1(a), the increased amount shall be paid on or before 30 days following each Year.

6.4 MCC, upon notice in writing to Savage, shall have the right to audit Savage's accounts and records relating to the computation and payment of the Usage Fee, [REDACTED] Fee, and the Prep Plant Fee for any Year within the 24 month period following the end of such Year. All audits shall be conducted by MCC at the office of Savage where the relevant books and records are maintained and such audit shall be conducted during normal business hours. The costs of such audit shall be for the sole account of MCC if less than [REDACTED] underpayment to MCC is shown by such audit; otherwise Savage shall bear such costs. Any overpayment shall be credited to future fees payable to MCC.

6.5 The fees described above shall be absolutely net to MCC and Savage shall, except as expressly herein provided, pay for all insurance, taxes, utilities, repairs, maintenance and all other services and costs relating to the CV Spur and to Savage's use thereof.

7. Transloading for MCC

7.1 During the Term, Savage agrees to handle coal for MCC at the CV Spur as follows:

- (a) Load through the Loadout Facility MCC's coal at the CV Spur on the Commencement Date (MCC estimates that there are approximately 8,500 tons of MCC's coal presently located at the CV Spur) into railcars provided by MCC, and MCC shall pay Savage for such loading at the rate of [REDACTED] (but Savage shall still be obligated to pay MCC the applicable Usage Fee with respect to such coal). MCC will pay to Savage a storage fee of [REDACTED] of MCC's coal which remains at the CV Spur after November 30, 1994.
- (b) Load MCC's coal located at the CV Spur on the Commencement Date into trucks provided by MCC and weigh such trucks at the CV Spur, and MCC shall pay Savage for such loading and weighing at the rate of [REDACTED]. No Usage Fee shall be paid on coal loaded into trucks.
- (c) Subject to appropriate notice, load through the Loadout Facility into railcars any other coal provided by MCC to the CV Spur subsequent to the Commencement Date (such coal to be compatible with the operating parameters of the Loadout Facility), and MCC shall separately pay Savage for such loading at the rate of [REDACTED] (but Savage shall still be obligated to pay MCC the applicable Usage Fee with respect to such coal).
- (d) The rates set forth in Sections 7.1(b) and (c) shall be subject to escalation pursuant to the procedures set forth on Exhibit L (the "Escalation Provisions").

8. Improvements

8.1 During the Term, Savage may make capital improvements to the CV Spur (the "Improvements") subject to the Improvements, the depreciation methods for the Improvements, and any new permitting requirements resulting from the

Improvements being approved in writing in advance by MCC, which approval shall not unreasonably be withheld. Improvements shall not include any mobile or office equipment placed at the CV Spur by Savage, and such mobile and office equipment may be removed by Savage at any time. Savage may install a weigh bin system as an Improvement (the "Weigh Bin") subject to MCC's approval of the depreciation method and permitting requirements for the Weigh Bin, which approval shall not be unreasonably withheld.

9. Early Termination

9.1 Except as provided in Sections 10.3, 10.4, 16.1, and 17.5, neither party shall have the right to terminate the Lease during the first three years of the Term. During this three year period MCC shall have no right to sell the CV Spur to a third party unless Savage agrees to such a sale. At any time following the first three years of the Term, the rights of termination in Sections 9.2, 9.3, 9.4, and 9.5 shall apply.

9.2 Savage may terminate this Lease upon the giving of not less than three (3) months prior written notice to MCC, in which event the Improvements shall remain with the CV Spur and shall become the sole property of MCC and no compensation for those Improvements shall be paid to Savage. However, Savage may remove the Weigh Bin if Savage returns the affected area of the CV Spur to the condition immediately preceding the installation of the Weigh Bin. If Savage leaves the Weigh Bin, MCC shall have no obligation to pay any compensation for it. MCC will have the option but not the obligation to assume any transloading agreement Savage may have entered into for coal loading at the CV Spur. MCC will not pay a fee to Savage for these agreements if MCC chooses to accept them.

9.3 MCC may terminate this Lease if the amount paid by Savage to MCC for the Usage Fee in any Year commencing with the fourth year of the Term does not equal or exceed [REDACTED], and Savage has not paid to MCC on or before 30 days following such Year an additional amount as necessary for MCC to have received an aggregate of [REDACTED]. Upon such termination, the Improvements shall remain with the CV Spur and shall become the sole property of MCC and no compensation for those Improvements shall be paid to Savage. However, Savage may remove the Weigh Bin if Savage returns the affected area of the CV Spur to the condition immediately preceding the installation of the Weigh Bin. If Savage leaves the Weigh Bin, MCC shall have no obligation to pay any compensation for it. MCC will have the option but not the obligation to assume any transloading agreement Savage may have entered into for coal loading at the CV Spur. MCC will not pay a fee to Savage for these agreements if MCC chooses to accept them.

9.4 MCC may terminate this Lease if it has received a bona fide offer (the "Offer Price") from a third party to purchase the CV Spur, and Savage does not

commit to purchase the CV Spur, as provided in Sections 9.4(a)(1) or 9.4(b)(1), within 15 days following its receipt from MCC of a copy of the general terms and conditions of the Offer Price, and MCC thereafter executes a contract for the sale of the CV Spur within three (3) months to such third party following the date when the Offer Price was first presented to Savage. The early termination of this Lease would occur upon closing of the sale to the third party.

- (a) If the Offer Price is less than [REDACTED] (1) Savage shall have the option to purchase the CV Spur at the lower of the Option Price as defined in Section 17.1(b) or the Offer Price, with closing to occur within two (2) months of when the offer is presented to Savage. (2) If Savage declines to purchase the CV Spur under Section 9.4(a)(1) and MCC sells it to the third party, MCC shall pay to Savage an amount equal to [REDACTED] of Savage's remaining book value of the Improvements plus monthly payments thereafter of [REDACTED] of coal which is handled at the CV Spur for Savage's customers pursuant to and for the remaining term of any then existing written contracts which Savage has entered into with its customers for the handling of coal at the CV Spur and has assigned to MCC (the "Customer Fee").
- (b) If the Offer Price is more than [REDACTED]: (1) Savage may purchase the CV Spur for an amount equal to the Option Price plus fifty percent of the excess of the Offer Price over an amount equal to [REDACTED] plus the remaining book value of Improvements. (2) If Savage declines to purchase under 9.4(b)(1) and MCC sells the CV Spur to the third party, MCC shall pay to Savage an amount equal to [REDACTED] of Savage's remaining book value for the Improvements, the Customer Fee, and [REDACTED] of the excess, if any, of the Offer Price over an amount equal to (i) [REDACTED] plus (ii) [REDACTED] of the remaining book value of the Improvements.

Savage's right to purchase the CV Spur shall be subject to the terms of sections 10.1 and 17.4. If Savage elects to purchase the CV Spur, the parties shall execute in duplicate a written purchase agreement as provided in Section 17.3. The purchase price set forth therein will be the Offer Price, Option Price, or the price calculated under Section 9.4(b), as appropriate.

9.5 MCC may terminate this Lease upon three (3) months prior written notice to Savage if MCC requires the CV Spur to handle coal produced from mines operated by MCC individually or with or by others pursuant to a joint venture or similar

arrangement. In such event MCC shall pay to Savage an amount equal to [REDACTED] of Savage's remaining book value for the Improvements plus the Customer Fee.

9.6 In the event of MCC's termination of this Lease pursuant to Section 9.4 (if the CV Spur is purchased by a third party) or Section 9.5, Savage will assign to MCC and MCC will assume any existing CV Spur customer contracts which Savage has at the time of such termination.

10. Environmental Responsibilities; Permits

10.1 The parties have jointly funded a contract with an independent environmental consultant, mutually acceptable to each party (the "Environmental Consultant"), for the purpose of determining the baseline environmental condition and status of the CV Spur existing as of the Commencement Date of this Lease. The Consultants's report of May, 1994 plus a subsequent report of resampling results of Ponds 5 and 6 dated August 24, 1994 are referred to as the "Baseline Environmental Report". The Baseline Environmental Report describes some minor contamination and conditions which potentially could cause contamination including some constituents in certain areas of Ponds 5 and 6 that may be required to be remediated under present law through corrective action or removal or decontamination (the "Baseline Environmental Conditions"). The Baseline Environmental Conditions do not include those conditions described in the Permit No. ACT/007/022 for the CV Spur issued by DOGM (the "DOGM Permit") that are to be cleaned up and reclaimed in the ordinary course pursuant to the reclamation plan contained in the DOGM Permit (the "DOGM Reclamation Obligation"). There shall be a rebuttable presumption that the Baseline Environmental Report is complete and that no contamination exists on the Commencement Date other than that disclosed in the Report. If, thereafter, contamination is discovered, it will be presumed to have occurred after the Commencement Date unless Savage affirmatively demonstrates to MCC's reasonable satisfaction that the contamination occurred prior to the Commencement Date. If Savage so demonstrates then the contamination will be treated as a "Baseline Environmental Condition" under this Article 10 and will be referred to at times in this Lease and its exhibits as an "After-discovered Baseline Environmental Condition." The Baseline Environmental Conditions and the DOGM reclamation obligation shall remain, during the term of this Lease, the sole responsibility of MCC and MCC shall hold Savage harmless on account thereof. MCC may undertake correction or remediation with respect to the Baseline Environmental Conditions at any time, giving due regard to the need to coordinate and cooperate with Savage so as to minimize disruptions to Savage's operations hereunder. All costs to remediate the Baseline Environmental Conditions, including without limitation costs to move, dismantle, or shift, and to restore, objects or facilities that must be removed or set aside in order for the remediation to be performed, shall be borne by MCC if MCC elects to remediate the Baseline Environmental Conditions, but MCC shall not be responsible for any losses or expenses related to interruption of Savage's operations by such removal. If Savage elects to purchase the CV Spur as provided in Articles 9 and 17, MCC shall undertake

and complete remediation of any remaining Baseline Environmental Conditions that are required by then existing law to be remediated; provided, however, that if there is an After-discovered Baseline Environmental Condition that MCC determines is not economically reasonable or legally required to be remediated at that time, MCC may elect not to remediate it, in which event the terms of Section 17.4 shall apply. In the alternative, the parties may negotiate an adjustment to the purchase price to compensate Savage for acceptance of any unremediated Baseline Environmental Conditions that are required by then existing law to be remediated. Savage shall, upon closing of the purchase of the CV Spur, become fully responsible for all environmental conditions, including the Baseline Environmental Conditions, and MCC shall be fully released of any and all liability with respect to them. Savage will also upon closing of the purchase of the CV Spur assume full responsibility for the DOGM Reclamation Obligation and for bonding required in respect thereof.

10.2 Any environmental contamination caused at the CV Spur by Savage or resulting from any cause other than a Baseline Environmental Condition for which MCC is responsible under Section 10.1 shall be promptly remediated by Savage at its expense. Upon the termination of this Lease without purchase of the CV Spur by Savage or a third party, the parties shall again jointly fund a contract with the Environmental Consultant to determine if the environmental condition of the CV Spur is different from that disclosed in the Baseline Environmental Report. Savage shall be responsible at its expense for (i) correcting or remediating any contamination and conditions causing contamination other than the Baseline Environmental Conditions, including without limitation, any increase or exacerbation of the Baseline Environmental Conditions (excluding any increase or exacerbation due to the passage of time), and (ii) performing reclamation required under the DOGM Permit or any new or modified permit that is required because of new activities or disturbances occurring at the CV Spur that were not provided for under the DOGM Permit as of the Commencement Date, provided, however, that MCC may elect to retain portions of such disturbed areas and facilities thereon for continued use by MCC in which event MCC will assume responsibility for reclamation thereof.

10.3 MCC may inspect the CV Spur at any time during the Term to determine the environmental status of the CV Spur and the condition of the Prep Plant and the Loadout Facility. If the environmental condition of CV Spur negatively has changed from the Baseline Environmental Report, as remediated if MCC has performed any remediation, or if the condition of the Prep Plant or the Loadout Facility is not at least equivalent to the Prep Plant Current Condition or the Loadout Facility Current Condition respectively, normal wear and tear excepted, MCC shall give written notice thereof to Savage and Savage shall promptly implement corrective actions. If MCC performs any remediation, it shall supply Savage with a copy of an environmental report on the remediation. If Savage fails to implement corrective action within 30 days following receipt of such notice, MCC at its option, may either (i) correct such conditions and Savage shall be obligated to reimburse MCC for the reasonable costs

incurred by MCC for correction or (ii) terminate this Lease, take possession of the CV Spur, and recover from Savage the reasonable cost of any corrective action.

10.4 Within three (3) months from the Commencement Date, Savage shall, at its expense, effect the transfer of the DOGM Permit from MCC to Savage and MCC shall cooperate and assist Savage in effecting such transfer. Savage and MCC shall make every reasonable effort to effect the transfer of the balance of the Permits from MCC to Savage. Upon Savage's request, MCC shall execute the Designation of Operator form required by DOGM in designating Savage as the operator of the CV Spur under the DOGM Permit effective as of the Commencement Date. MCC shall retain the obligation to provide the reclamation bond required under the DOGM Permit (the "Bond"), subject to reimbursement by Savage for the premium charged for the Bond. The Bond shall either be modified as necessary to reflect transfer of the DOGM Permit to Savage or shall be replaced by a new bond structured as necessary to reflect transfer of the DOGM Permit to Savage. If transfer of the DOGM Permit to Savage is not completed within three (3) months after the Commencement Date, Savage shall (i) provide the reclamation bond required under the DOGM Permit such that MCC's Bond is released (notwithstanding the deferred transfer of any of the Permits to Savage, or receipt of necessary consents, Savage shall assume all responsibilities and liabilities under the Permits as of the Commencement Date except as provided in Section 10.1), or (ii) terminate this Lease and its duties and obligations hereunder and Savage shall remove all of its personal property and equipment from the CV Spur, provided however, Savage shall be responsible for remediation of any environmental conditions occurring during the time that Savage occupies the CV Spur.

10.5 Upon termination of this Lease (except upon purchase of the CV Spur by Savage), Savage shall, in cooperation with MCC, transfer the Permits back to MCC and MCC shall promptly provide the reclamation bond required under the DOGM Permit such that Savage's Bond (if previously provided) is promptly released. Notwithstanding the deferred transfer of the Permits to MCC, MCC shall assume all responsibilities and liabilities under the Permits [subject to Sections 10.2 and 13.6(c)], when it takes possession of the CV Spur from Savage.

11. Savage Operational Responsibilities

11.1 All activities performed or caused to be performed by Savage upon the CV Spur shall be in compliance with all applicable federal, state, and local laws, rules, and regulations. Except as otherwise provided in Sections 10.1 and 10.4, Savage shall be solely responsible for compliance with all laws, regulations, rules, and permits of governmental agencies having jurisdiction over CV Spur including specifically, without limitation, MSHA, OSM, and DOGM.

11.2 Savage has and will maintain its own MSHA identification number while this Lease is in effect and will cause such notices to be given to MSHA as will

identify Savage as the occupant and responsible party for compliance with MSHA laws and regulations at the CV Spur.

11.3 The Miscellaneous Agreements will not be assigned by MCC to Savage. MCC will make all payments required thereunder subject to reimbursement by Savage as provided in Section 6.1(d). Savage shall be responsible for complying with all of the terms and conditions of the Miscellaneous Agreements related to the conduct of operations at the CV Spur and shall not by action or inaction cause MCC to be in default thereunder. If any default is alleged by the other parties to the Miscellaneous Agreements as to any obligation for which Savage is responsible, MCC will notify Savage forthwith and Savage will be responsible for curing such default. If Savage disputes the occurrence of a default, Savage will be responsible for undertaking any litigation or other action that may be necessary to resolve the dispute, which may be undertaken in the name of MCC, but Savage will not, in any event, allow the termination of the Miscellaneous Agreement involved or cause MCC to suffer any liability. Without limiting Savage's responsibilities set forth above, MCC shall cooperate with Savage to keep the Miscellaneous Agreements current and in good standing.

11.4 Savage shall provide and pay for all utilities, labor, materials, supplies, parts, fuel, lubricants, and all other items necessary for and during the time Savage occupies and uses the CV Spur.

11.5 Savage shall, at its sole cost, maintain the Prep Plant and the Loadout Facility in a condition equal to the Prep Plant Current Condition and the Loadout Facility Current Condition respectively, and shall maintain all other facilities and improvements at the CV Spur in good order, condition, and repair, less normal wear and tear. Savage expressly and irrevocably waives the benefit or applicability of any statute now or hereafter in effect that would otherwise afford Savage the right to make repairs at MCC's expense or to terminate this Lease because of MCC's failure to keep the CV Spur or any part thereof in good order, condition, and repair.

11.6 Savage shall keep title to the CV Spur free and clear of and from any and all liens, claims, and encumbrances of whatever kind or nature, arising in any manner whatsoever from Savage's possession of the CV Spur or its operations hereunder. Savage shall promptly pay all wages due its workers and employees and pay for all materials and supplies furnished and contract labor performed for its operations hereunder and shall defend and protect MCC from and against all claims, liens, and liabilities which may arise as a result of Savage's failure to do so or from Savage's contractors failure to do so. In the event that any mechanic's, materialmen's or laborer's liens may arise and are filed against the property as a result of Savage's operations hereunder, Savage shall take all steps to obtain the discharge thereof.

12. Restrictions on Use

12.1 Savage shall use the CV Spur only for coal preparation, storage, and transloading and for necessary incidental activities. Without MCC's prior written consent, Savage shall not use the CV Spur to:

- (a) Store, service, wash, or repair equipment (excluding equipment used in coal preparation and transloading, also excluding pressure washing and emergency repairs of equipment used to deliver coal to the CV Spur);
- (b) Prepare or load oil-treated stoker coal;
- (c) Store any used vehicles, parts or equipment (excluding equipment used at the CV Spur in coal preparation and transloading);
- (d) Store or dispose of any diesel or other petroleum products except those used in the operations for coal preparation and transloading; or
- (e) Store or dispose of any hazardous materials or waste except to store necessary amounts of hazardous materials used in coal preparation or transloading.

13. Insurance and Indemnities

13.1 During the entire term of this Lease, Savage shall provide and maintain in effect the following types and amounts of insurance with insurance companies satisfactory to MCC. For purposes of this Article 13 only, all references to MCC shall include its parent, Atlantic Richfield Company, and their respective subsidiaries, directors, officers and employees.

- (a) Worker' Compensation Insurance, including Occupational Disease, in accordance with the laws of the State of Utah and Employers' Liability Insurance in the limit of not less than [REDACTED] per person and \$ [REDACTED] per accident.
- (b) Comprehensive General Liability Insurance, including contractual liability insuring the indemnity agreement set forth in this Agreement, with limits of not less than [REDACTED] applicable to bodily injury, sickness or death in any one occurrence; and [REDACTED] for loss of or damage to property in any one occurrence.

- (c) Automobile liability insurance covering owned, non-owned, and hired, and all vehicles used by Savage with limits of not less than [REDACTED] applicable to bodily injury, sickness or death of any one person and [REDACTED] for more than one person in any one occurrence; and [REDACTED] for loss of or damage to property in any one occurrence.
- (d) All Risks Physical Damage Coverage for the permanently installed structures (excluding the Weigh Bin) on the CV Spur for [REDACTED], with a loss payable clause in favor of MCC and Savage as their interests may appear.

13.2 All policies shall be endorsed to provide that underwriters and insurance companies of Savage shall not have any right of subrogation against MCC and its insurers and underwriters. The waiver of subrogation by Savage's insurance carrier, in and of itself, shall not prevent Savage from maintaining a separate cause of action against MCC.

13.3 MCC shall be named as an additional insured in each of Savage's policies, except Worker's Compensation, provided that such insurance shall not cover the affirmative acts or omissions of MCC.

13.4 Within seven (7) days after the Commencement Date, Savage shall furnish Certificates of Insurance evidencing the insurance required hereunder, including the waiver of subrogation and listing of the additional insured. Each certificate shall provide that a minimum of ten (10) days prior written notice shall be given MCC in the event of cancellation or material change in the policies. All policies shall be endorsed to provide that there will be no recourse against MCC for payment of premium.

13.5 Savage shall require all contractors coming on the CV Spur to obtain, maintain and keep in force similar insurance coverage during the time in which they are engaged in performing work at the CV Spur. All policies of contractors shall include the waiver of subrogation and additional insured required under Sections 13.2 and 13.3.

13.6 Savage agrees to and does hereby indemnify, defend and save MCC, harmless against and from any breach by Savage of its obligations hereunder and for:

- (a) Any and all claims demands, damages, losses, lawsuits and other proceedings, and liabilities, including costs and expenses, for bodily injury to, and illness or death of, persons (including claims and liabilities for care or loss of

services in connection with any bodily injury, illness or death);

- (b) Any and all claims, demands, damages, losses, lawsuits and other proceedings, and liabilities, including costs and expenses, for loss or destruction of or damage to any property belonging to Savage, MCC or others that are not assumed by MCC hereunder; and
- (c) Any fines, penalties, or other amounts assessed against MCC by reason of Savage's failure to comply with all health, safety and environmental laws and regulations;

resulting directly or indirectly from, or occurring in the course of, Savage's use, possession, or occupancy of the CV Spur. However, this indemnity shall not extend to claims and liabilities for (i) injury or death to persons or (ii) loss of or damage to property to the extent that those claims and liabilities result from MCC's affirmative acts or omissions. The obligations of Savage under this Section 13.6 specifically shall survive termination of this Lease.

13.7 The liability of Savage under the provisions of Section 13.6 shall not be limited to the insurance coverage of Savage under Section 13.1.

13.8 Any coverage provided by Savage's insurance under this Agreement is primary insurance and shall not be considered to be contributory insurance with any insurance policies of MCC.

13.9 Any deductibles in Savage's insurance shall be assumed by Savage.

13.10 If any part of the facilities or improvements at the CV Spur is damaged or destroyed, Savage shall promptly repair and restore the facilities or improvements involved to at least as good a condition as existed prior to such damage or destruction, which shall not be less than the Loadout Facility Current Condition and the Prep Plant Current Condition less normal wear and tear. Savage shall have no claim against MCC for any loss suffered by reason of any such damage, destruction, repair, or restoration, nor shall Savage have the right to terminate this Lease as the result of any statutory provision now or hereafter in effect pertaining to the damage and destruction. The proceeds of all insurance carried by Savage on the CV Spur and on its leasehold improvements, personal property and fixtures shall be held in trust by Savage for the purpose of the repair and replacement thereof. MCC shall not be required to repair any damage or to make any restoration or replacement of the CV Spur or any part thereof or personal property or fixtures installed thereon. Savage shall be entirely responsible to make such repair, restoration and replacement at its sole cost. In the alternative, instead of repairing or replacing the damaged facilities,

Savage, may, at its option, pay to MCC the amount [REDACTED] and have no further obligation to repair the damage, and may terminate this Lease or Savage may exercise its option under Article 17 to purchase the CV Spur.

14. Bond and No Compete

14.1 In order to assure itself of Savage's financial ability to discharge its obligations under this Lease during the Term and at the termination of this Lease, MCC shall have the right upon notice to Savage, to annually review at Savage's offices in Salt Lake City, Utah, Savage's most recent financial statements. If MCC determines through that review or otherwise that Savage's financial status has materially deteriorated from its May, 1994 status such that MCC becomes concerned about Savage's then present or future financial ability to discharge all of its obligations, including environmental remediation, Savage shall, at MCC's request, post a performance bond, with MCC as the obligee, in an amount reasonably determined by the parties to secure the discharge of Savage's obligations, which in no event shall exceed [REDACTED]

14.2 For a period of five (5) years following the Commencement Date of this Lease, MCC agrees that if it acquires a transloading facility which at the time of MCC's acquisition is transloading coal for third parties ("Existing Customers") into railcars on the Southern Pacific, Denver Rio Grande Railroad, in Carbon or Emery Counties, State of Utah:

- (a) MCC will not annually transload coal for the Existing Customers in excess of the greater of the tonnages transloaded for the Existing Customers during the twelve (12) month period immediately preceding MCC's acquisition of the transload facility or the tonnages for which the Existing Customers had the contractual right to transload through the transload facility; and
- (b) In no event will MCC transload coal from that facility for any other third party into railcars in Carbon or Emery Counties, State of Utah.
- (c) This Section 14.2 in no way restricts MCC, or its partner's ability to increase volume produced from its own operation or partnership or joint venture operation through the transload facility.

14.3 For a period of ten (10) years following the Commencement Date of this Lease, MCC shall not transload coal for third parties at a new coal transload facility constructed and operated by MCC in Carbon or Emery Counties, State of Utah,

which will handle coal to be shipped in railcars from an originating point on the Southern Pacific.

15. Holdover

15.1 If Savage holds over, or remains in the possession or occupancy after the expiration of this Lease, or any extension thereof, or after any sooner termination thereof without any written lease of the CV Spur actually made and entered into between MCC and Savage, such holding over or continued possession or occupancy shall not be deemed or held to operate as any renewal or extension of this Lease, and shall, if payments are paid by Savage and accepted by MCC for or during any period of time it so holds over or remains in possession or occupancy, only create a tenancy from month to month, which may at any time be terminated by either party, giving to the other thirty (30) days notice of such intention to terminate the tenancy.

16. Late Payments and Other Defaults

16.1 If any payment required to be paid by Savage to MCC pursuant to this Lease shall be unpaid on the day whereon it shall become due and payable, and for ten (10) days following MCC's written notice to Savage thereof, or if default shall be made in any of the covenants, other than the payments herein required of Savage, its successors or assigns, and Savage shall fail to rectify any such default within 30 days after being notified in writing of the existence thereof, it shall be lawful for MCC:

- (a) To perform in Savage's stead any obligation that Savage has failed to perform and be reimbursed promptly by Savage for any reasonable cost incurred by MCC in connection therewith with interest at the prime rate charged by First Interstate Bank of Utah [REDACTED] (the "Interest Rate");
- (b) To take possession of the CV Spur and terminate this Lease;
- (c) Require specific performance from Savage as herein required; or
- (d) Pursue any other remedies provided by law or in equity.

This remedy is specified for the benefit of MCC and is optional and not exclusive.

16.2 Any sum not paid by Savage to MCC when due shall thereafter accrue interest daily at the Interest Rate, both before and after judgment, until paid.

16.3 Savage agrees to pay to MCC the reasonable cost of recovering possession of the CV Spur, and all reasonable costs of necessary cleanup, restoration, and repair needed to restore the CV Spur to its original condition as provided in Section 19.6 to the extent that Savage fails to carry out such activities.

16.4 If default shall be made by MCC in any covenants required of MCC, its successors or assigns, and MCC shall fail to rectify any such default within thirty (30) days after being notified in writing of the existence thereof, or if the nature of MCC's obligation is such that more than thirty (30) days are reasonably required for performance or cure and MCC shall fail to commence curative work within the thirty (30) day period and diligently prosecute the same to completion, it shall be lawful for Savage to pursue its legal and equitable remedies.

17. Option to Purchase

17.1 MCC hereby grants unto Savage the right and option ("Option") to purchase the CV Spur upon the following terms and conditions:

- (a) The Option shall only be available to Savage during the Term.
- (b) The purchase price for the CV Spur shall be [REDACTED] less the total amount of credits under Section 17.1(c) (the "Option Price").
- (c) Savage shall be entitled to a credit for amounts of any Usage Fee (which does not include the Special Genwal Fee) previously paid by Savage to MCC plus an additional credit of:
 - (1) [REDACTED] for any Year that the Usage Fee for such Year exceeds [REDACTED]; and
 - (2) An additional [REDACTED] for any Year that the Usage Fee for such Year exceeds [REDACTED]

17.2 Savage shall have no right to exercise the Option for a period of six months following the date Savage receives notice from MCC of a prospective third party which may offer to purchase the CV Spur except as set forth in Section 9.4 or except during the last six months of the Term. Savage shall have no right to exercise the Option during any period of time when it has notice of a Savage default hereunder and such default remains uncured.

17.3 If Savage exercises the Option, which exercise must be in writing to MCC, the parties shall date, insert provisions as required and execute in duplicate,

a written purchase and sale agreement (the "Purchase and Sale Agreement"), a copy of which is set forth on Exhibit M.

17.4 If Savage exercises the Option and there exists an After-discovered Baseline Environmental Condition that is required by then existing law to be remediated at some time, MCC may either remediate the condition or negotiate with Savage for a reduction in the Option Price to fairly compensate Savage for the estimated actual cost with respect to accepting liability for the condition (based on a present worth analysis if remediation is not required to be done immediately). If the parties are unable to negotiate a reduction in the Option Price, MCC may elect not to sell the CV Spur to Savage, in which event Savage may elect to continue the Lease up to its Term or to treat the Lease as terminated by MCC under the terms of Section 9.5.

17.5 If Savage exercises the Option, then at such time as closing takes place as contemplated by the Purchase and Sale Agreement, this Lease shall terminate.

17.6 If Savage exercises the Option and within one (1) year of closing the purchase of the CV Spur sells the CV Spur to a third party purchaser for a price in excess of the Option Price plus Savage's remaining book value of the Improvements, then within thirty (30) days thereafter, Savage shall remit to MCC fifty percent (50%) of such excess. Savage shall provide accurate details to MCC about the price paid by the third party purchaser for the CV Spur.

18. Alternate Dispute Resolution

18.1 The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives. If the matter has not been resolved within two (2) months of a party's request for negotiation, either party may initiate mediation as provided hereinafter.

18.2 If the dispute has not been resolved by negotiation as provided herein, the parties shall endeavor to settle the dispute by mediation under the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes. The neutral third party will be selected from the CPR Panels of Neutrals, with the assistance of CPR, unless the parties agree otherwise.

18.3 Any dispute arising out of or relating to this contract or the breach, termination or validity thereof, which has not been resolved by a non-binding procedure as provided herein within three (3) months of the initiation of such procedure shall be settled by arbitration in accordance with the then current Center for Public Resources Rules for Non-Administered Arbitration of Business Disputes by a sole arbitrator. The arbitration shall be governed by the United States Arbitration

with a copy to: MOUNTAIN COAL COMPANY
Attn: Legal Department
555 Seventeenth Street
Denver, CO 80202

If to Savage: SAVAGE INDUSTRIES INC.
Attn: David G. Wolach
5250 South 300 West, Suite 200
Salt Lake City, UT 84107

with a copy to: SAVAGE INDUSTRIES INC.
Attn: James T. Jensen, Esq.
5250 South 300 West, Suite 200
Salt Lake City, UT 84107

or at such other addresses as either party may designate in writing to the other. Notice shall be effective upon personal delivery or upon posting in the U.S. Mail, as the case may be.

19.6 Upon the expiration of the Term, or other termination hereof other than termination due to purchase by Savage, Savage shall promptly and peaceably surrender the CV Spur to MCC, free of all trash, rubbish, junk, or debris, and in good order and condition at least equal to the condition and state of repair as is described in the Prep Plant Current Condition and the Loadout Facility Current Condition, ordinary wear and tear excepted, and Savage shall deliver all keys thereto to MCC. Before surrendering the CV Spur, Savage shall, at its sole cost, remove its movable personal property and trade fixtures only, and all other property shall, unless otherwise directed by MCC or otherwise addressed in Article 9, remain upon the premises and become the property of MCC without payment therefor. All personal property and trade fixtures of Savage not removed from the premises upon the abandonment of the CV Spur or upon the termination of this Lease for any cause shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by MCC without notice to Savage or any other person and without any obligation to account therefor. Savage shall forthwith take such action in cooperation with MCC as will effect transfer of the Permits to MCC. Savage shall not be released from its obligations hereunder in connection with surrender of the CV Spur until MCC has inspected the CV Spur and delivered to Savage a written release.

19.7 This Lease shall be interpreted and enforced pursuant to the laws of the State of Utah.

19.8 This Lease sets forth the entire understanding and agreement and incorporates and supersedes all previous understandings and agreements between the parties with respect to the CV Spur.

19.9 The LOU is superseded and replaced by this Lease.

19.10 No failure by any party to insist upon the strict performance of any covenant, duty or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such or any other covenant, duty or condition. Any party may, by notice delivered in the manner provided in this Lease, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any covenant or duty of any other party hereto. No waiver shall affect or alter the remainder of this Lease but each other covenant, duty and condition hereof shall continue in full force and effect with respect to any other then existing or subsequently occurring breach.

19.11 The rights and remedies of the parties hereto shall not be mutually exclusive and the exercise of one or more of the provisions of this Lease shall not preclude the exercise of any other provisions. The parties confirm that damages at law may be an inadequate remedy for a breach or threatened breach by any party of any of the provisions hereof. The parties' respective rights and obligations hereunder shall be enforceable by specific performance, injunction or any other equitable remedy, but nothing herein contained is intended or shall limit or affect any rights at law or by statute or otherwise of any party against another for a breach or threatened breach of any provision hereof, it being the intention by this Section 19.11 to make clear the agreement of the parties hereto that the rights and obligations of the parties hereunder shall be enforceable in equity as well as at law or otherwise.

19.12 If any action is brought to recover any fees or other amount hereunder because of any default hereunder or to enforce or any of the provisions hereof, or for recovery of possession of the CV Spur, the party prevailing in such action shall be entitled to recover from the other reasonable attorneys' fees (including those incurred in connection with any appeal), the amount of which shall be fixed by the court or arbitrator and made a part of any judgment rendered.

EXECUTED in duplicate as of the date first above set forth.

MOUNTAIN COAL COMPANY

SAVAGE INDUSTRIES INC.

By: [Signature]

By: [Signature]

Its: Resident

Its: President

DD
D.C.

EXHIBIT A
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

PREPARATION PLANT

(Operational Units at Time of Shutdown)

McNally Mogul Jig, (No. 534)
Clean Coal Fixed Sieve
Two 7'x16' Double Deck Clean Coal Screens, L-107-X Tyler
McNally Gearmatic Roll Crusher, 36x60
(2) McNally Wedag A150 Centrifuges
Classifying Cyclone Sump
(2) Classifying Cyclone Pumps, 10x10 LSA32 (GIW)
(16) 14" Diameter McNally Classifying Cyclones
(2) Bird Screen Bowl Centrifuges, 54"x70"
36" W Washery Bypass Conveyor
36" W Fine Coal Belt Conveyor
36" W Fines Transfer Belt Conveyor
36" W Coal Collecting Belt Conveyor
Refuse Screen 7'x16' Single Deck, L-1007-X Tyler
Refuse Bin With Gates
Jig Water Head Tank with Valve
(2) Fire Protection Pumps
(2) Washdown Sump Pumps
Air Compressor
(2) Seal Water Booster Pumps
(2) Flocculent Mixing Tanks
(2) Flocculent Mixers
Flocculent Metering Pump
Clarified Water Sump
(2) Clarified Water Pumps, 6x8 LSA25 (GIW)
(2) Thickener Underflow Pumps, 3x4 (GIW)
120' Diameter Eimco Thickener with Concrete Tank
Refuse Vacuum Disc Filter, 12'6" Dia.x8 Disc, Complete System
Refuse Vacuum Disc Filter, 12'6" Dia.x12 Disc, Complete System
Filter Cake Flight Conveyor
(2) Banks Denver Froth Flotation Cells, 3x300 cu. ft., Complete System
Clean Coal Vacuum Disc Filter, 10'6"Dia.x6 Disc, Complete System

EXHIBIT A

page 2

**to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.**

(Inactive*Units at Time of Shutdown)

Primary Hydrocyclone Feed Sump

(2) Primary Hydrocyclone Feed Pumps

(18) 12" Diameter Primary McNally Tricones (Hydrocyclones)

Secondary Hydrocyclone Feed Sump

Secondary Hydrocyclone Feed Pump

(2) 12" Diameter Secondary McNally Tricones (Hydrocyclones)

*No longer piped or wired for operation in the current plant configuration
although all the equipment is still in place.

EXHIBIT B
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

LOADOUT FACILITY

Coal Handling Facilities

**Raw Coal Receiving, Storage, and Reclaim
Certified Truck Scale, Bridge Type**

Truck Dump No. 1 (Wash Plant)

**Raw Coal Truck Dump Hopper, 75 Ton Capacity
Raw Coal Vibrating Feeder, 550 TPH
Raw Coal Crusher, "Jeffrey Flextooth"
Cross-Belt Primary Sample Cutter
36" W Raw Coal Stockpile Feed Conveyor, 550 TPH
Tramp Iron Magnet
Raw Coal Stacking Tube, 10,000 Tons Capacity
(3) Raw Coal Vibrating Feeders
36" W Washery Feed Conveyor
36" W Belt Scale**

Truck Dump No. 2 (Trail Mountain)

**Raw Product Truck Dump Hopper
Vibrating Feeder, 48" W, 600 TPH
Raw Product Stockpile Feed Conveyor, 600 TPH
Tramp Iron Magnet
Cross-Belt Primary Sample Cutter (not ASTM certified, not covered in Exhibit K)
Belt Scale**

Product Reclaim, Sampling, and Loadout

**Raw Product Stacking Tube, 25,000 Tons Capacity
(5) Raw Product Vibrating Feeders
Washed Fines Stacking Tube, 12,000 Tons Capacity
(3) Washed Fines Vibrating Feeders
Washed Coal Stacking Tube, 31,000 Tons Capacity
(5) Washed Coal Vibrating Feeders
48" W Reclaim Conveyor, 1200 TPH Capacity
Dust Suppression System including tanks and motors (As is, where is; not covered
in Exhibit K)
Side Release Agent Applicator System, complete with motor, hose, tanks, and applicator
(As is, where is; not covered in Exhibit K)**

Yard Area Coal Reclaim Hopper and Transfer Conveyor

**2-Stage ASTM Sampling System
48" W Loadout Conveyor, 1200 TPH
48" W Belt Scale
Coal Silo, 11,500 Ton Capacity
Railcar Flood Loading Chute and Gate System, 6000 TPH Capacity
Single Track Rail Loop and Trackage to Accommodate 110 Cars
Each Side of Loadout**

EXHIBIT C
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

REAL ESTATE

The land leased under the Lease is described as follows:

The Southwest Quarter of Section 11, Township 15 South, Range 10 East, Salt Lake Base and Meridian.

Situate in Carbon County, State of Utah.

EXCEPTING the most Easterly 100 feet thereof.

ALSO EXCEPTING the following: BEGINNING at a point 227.59 feet North and 269.61 feet East of the Southwest Corner of said Section 11, and running thence North 45°39' 45" East 69.47 feet; thence North 58°29' 30" East 372.17 feet; thence South 68°31' 00" East 516.41 feet; thence South 280.99 feet, more or less, to the South boundary of said Section 11; thence South 89°58' 22" West 342.25 feet along the South boundary of said Section 11; thence North 49°17' 10" West 225.38 feet; thence North 76°30' 50" West 343.93 feet, more or less, to the point of beginning.

ALSO EXCEPTING the following: BEGINNING at the West Quarter Corner of said Section 11, and running thence East 200.00 feet; thence Southwesterly along the arc of a 225 feet radius curve 306.3 feet, more or less, to a point 200.00 feet South of the point of beginning, thence North 200.00 feet to the point of beginning.

EXCEPTING therefrom all oil and gas in the West one-Half of said Southwest Quarter, with the right to prospect for, mine and remove the same.

EXCEPTING therefrom all oil, gas and other minerals in the East One-Half of said Southwest Quarter, with the right to prospect for, mine and remove the same.

EXHIBIT D
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

RAIL AGREEMENTS

1. Trackage Agreement dated January 22, 1974, Contract No. 26823 between the Denver and Rio Grande Western Railroad Company ("DRGW RR") and Utah Power & Light Company (UP&L").
2. Lease dated June 1, 1974, Lease No. 16391, between DRGW RR and UP&L.
3. Assignment, Acceptance and Consent dated February 28, 1978 from UP&L to Swisher Coal Company.
4. Lease dated January 15, 1981, Lease No. 17685,, from DRGW RR to Beaver Creek Coal Company, a Utah, corporation.

EXHIBIT E
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

WATER LINE AGREEMENTS

1. Right of Way Agreement dated January 1, 1978 by and between David and Mildred Cove, and Judson and Cherie Crichlow as Grantors to Swisher Coal Co. recorded at Book 208, pages 350-353; as amended by Amendment of Right-of-Way Agreement dated March 20, 1989 by the Grantors and Beaver Creek Coal Company, recorded at Book 287, pages 789-790.

2. Campbell Agreement. Letter Agreement dated January 17, 1978 between Mr. and Mrs. R.D. Campbell as Grantors to Swisher Coal Co. a Grantee of a 20 foot Right-of-Way for water pipelines.

EXHIBIT F
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

CAMPBELL AGREEMENT

Agreement dated August 3, 1977 between General Exploration Company and
Roy D. Campbell and Peggy L. Campbell.

EXHIBIT G
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

WATER RIGHTS

The Water Rights associated with the CV Spur consist of 357.1 shares of Price River Water Users Association (a Non-Profit Mutual Irrigation Association) represented by certificate number 6096.

EXHIBIT H
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

EXCLUDED ITEMS

Quantity

- 1 Fax Machine
- 2 First aid pack in Warehouse, and prep plant
- 1 Pull trailer with (3) 250 lb. fire extinguishers
- 1 20 Scott air pack
- 2 Computers

Leased office Equipment

- 1 - Coffee machine
- 1 - Minolta EP450 Copier
- 4 - AT&T Telephones
- 1 - Postage Meter
- 2 - Dumpsters

- 1 1989 Dodge Ram 50 4WD Pickup Truck
- 1 1985 Chevy 20 4WD Pickup Truck
- 1 JCB 3DIII Backhoe
- 1 Drill Press
- 1 Bench Grinder - 6" wheels
- 1 Electric Hand Grinder - 4" Makita
- 1 Battery Charger - 12/24 volt Hi-lo
- 1 Steam Cleaner
- 4 Air Compressors - 230/480 volt
 - 1 - Emglo Piston, 200 psi max., (Spare)
 - 1 - Ingersoll-Rand T30 Piston Type, 200 psi max., (Oil Trailer)
 - 1 - Manchester Piston Type, 200 psi max., (Shop)
 - 1 - Gardner Denver Electra Screw, 200 psi max., (Loadout)
- 3 Welders
 - 1 - Miller portable, 400 amp max. (diesel)
 - 1 - Lincoln Wire Feed (Shop)
 - 1 - Hobart Portable, 200 amp max., (Gas)
- 2 Tool Boxes
 - 1 - 10-drawer top / 9 drawer bottom
 - 1 - 3-drawer top / 5-drawer bottom w/storage
- 4 Knaack Boxes
 - 2 - 36"
 - 1 - 42"
 - 1 - 72"

EXHIBIT H
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.
Page 2

EXCLUDED ITEMS

- 2 Torch Sets (full size)
- 1 Portable Torch Set (hand held)
- 1 Jack air/hyd. portable 150 ton
- 1 Jack (floor) 10 ton
- 3 Hydraulic port-a-power
- 2 Mechanic Set of Tools (shop/maintenance truck)
- 2 Air Hammers
 - 1 - 1/2" drive
 - 1 - 3/4" drive
- 1 Electric Drill 1/2" drive
- 2 Tap and Die Sets
- 1 Pipe Die Set
- 2 Bench Vice (Shop) (Prep Plant)
- 1 Portable Light Plant (maxi lite)
- 1 Knockout Punch Set Drive Set w/punch & dies for 1/2" thru 4" conduit
- 4 55-gallon Oil Barrel Pumps, (2) w/hose, nozzle and reel
- 1 120 lb. Grease Barrel Pump w/hose, nozzle and reel
- 1 32' Extension Ladder
- 3 Step Ladders
 - 1 - 12'
 - 1 - 8'
 - 1 - 6'
- 2 SP/DRGW Railroad Radios
 - 1 - Stationary
 - 1 - Hand Held w/charger

Lawson bolt bins large, small, slide drawer pins

EXHIBIT I
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

PERMITS AND LICENSES NEEDED TO OPERATE C.V. SPUR

Name and Address of Type of Permit/License	Permit License Issuing Authority	Application Number	Status
Construction Approval	Utah Division of Health 288 N. 1460 W. Salt Lake City, Utah 84116-0690	N/A	Approved 07/21/77
Building Permit	Carbon County County Courthouse Price Utah 84501	No. 979	Issued 10/06/77
Refuse Fill Permit	State of Utah Division of Oil, Gas & Mining 355 W. No. Temple #3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203	N/A	Issued 10/02/79
Temporary Refuse Permit	MSHA P.O. Box 25367 Denver, Colorado 80225	1211-UT-9-0033	Issued 10/02/79
Permanent Refuse Permit	MSHA P.O. Box 25367 Denver, Colorado 80225	1211-UT-9-0034	Issued 10/02/79
UPDES Discharge Permit	Utah Dept. of Health 288 North 1460 West Salt Lake City, Utah 84316-0690	UTG040005	Issued 08/01/93
Air Quality Approval Order	Utah Division of Health Bureau of Air Quality 288 North 1460 West Salt Lake City, Utah 84316-0690	N/A	Issued 08/21/80
State Permit Approval	State of Utah Division of Oil, Gas & Mining 355 West North Temple #3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203	ACT/007/022	Issued 08/07/94
Storm Water Discharge Permit	U.S.E.P.A.	N/A	Plan Signed & Filed 04/29/93

EXHIBIT J
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

PREP PLANT CURRENT CONDITION

The Preparation Plant was shut down and mothballed in 1984. In 1991, MCC commissioned Norwest Mine Services to assess the current condition of the Prep Plant and to investigate what repair parts and repair labor would be necessary for MCC to start up and operate with an 85% availability. This report is attached.

Roberts and Schaeffer toured the plant and took pictures of the general condition during their inspection of the CV Spur facilities. Their comments and pictures are included in the report evaluating the condition of the CV Spur in Exhibit K.

EXHIBIT K
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

LOADOUT FACILITY CURRENT CONDITION

See "ARCO Coal CV Spur Inspection Report" by Roberts & Schaefer (Job #6283) of May 1994.

EXHIBIT L
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

ESCALATION PROVISIONS

The fees in Section 7.1(b) and (c) are subject to escalation according to changes in the Gross Domestic Product - Implicit Price Deflator ("GDP-IDP") index twice annually, once in March and again in September. The value published in the previous January will be used for the March adjustment and the value published for the previous July index will be used for the September adjustment. The value will be compared with the value published for July 1994. The change in the rate will be calculated as follows:

For the March 1995 adjustment:

New rate = [REDACTED] x (GDP-IDP Index for January 1995 / GDP-IDP Index for July 1994)

EXHIBIT M
to Lease Agreement with Option to Purchase
Mountain Coal Company and Savage Industries Inc.

PURCHASE AND SALE AGREEMENT FORM

DELETED