

C/007/041 Incoming

#4255

K



P.O. Box 910, East Carbon, Utah 84520
Telephone (435) 888-4000 Fax (435) 888-4002

Utah Division of Oil, Gas & Mining
Utah Coal Program
1594 West North Temple, Suite 1210
P.O.Box 145801
Salt Lake City, UT 84114-5801

February 8, 2013

Attn: Daron Haddock
Permit Supervisor

Re: West Ridge Mine C/007/041 Task #4236
13-001 Adding New Lease Modification to the MRP

Dear Mr. Haddock:

Enclosed are three copies addressing the deficiencies in the submittal to add the newly approved Lease Modification area to the approved MRP.

Completed C1 and C2 forms as well as redline strikeouts have been included.

If you have questions or comments please contact Jay Marshall at (435) 888 4007.

Sincerely,

R. Jay Marshall
R. Jay Marshall

File in:
 Confidential
 Shelf
 Expandable
Date Folder 02/12/13 C/0070041
Incoming

RECEIVED
FEB 12 2013
DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT PROCESSING

<input type="checkbox"/> Permit Change	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: C/007/041
Title of Proposal: 13-001 Add BLM Lease Modification to Permit						Mine: WEST RIDGE MINE
						Permittee: WEST RIDGE Resources, Inc.

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

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? <u>480.2</u> acres Disturbed Area? <u>0</u> acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: Mid Term Review
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

Attach 3 complete copies 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 (R645-301-123)

L. J. Mansfield 02/07/13
 Signed - Name - Position - Date

Subscribed and sworn to before me this 7th day of February 2013

Linda Kerns
 Notary Public
 My Commission Expires: 03.27.13
 Attest: STATE OF Utah
 COUNTY OF Carbon



Received by Oil, Gas & Mining

RECEIVED

FEB 12 2013

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Deficiency List

Task No. 4236
13-001 (12-003)
Lease Modification

Members of the review team with outstanding deficiencies:

Ingrid Campbell (IC): 801-538-5318
Steve Christensen (SC): 801-538-5350

R645-301-114: The following areas for federal lease SL-068754, taken from the permit area description tables, is not shown on any of the updated maps:

Section 14: N2NWSW
Section 15: W2NE, E2SENE
Section 23: Lot 1, SWNE
Section 24: NWSW **(IC) (SC)**

The areas listed above are Track Three of federal lease SL-068754. Track three areas have been added to all appropriate maps.

R645-301-114: Please correct the following inconsistencies:

The acreage for federal lease UTU 78562 listed on page 1-6 is 2605.49 acres. However, on page 1-7, under the permit area description, the acreage is listed as 2,403.7.

The correct acreage for lease UTU-78562 is 2,605.49 acres. Page 1-7 has been revised from 2,403.7 to reflect the correct acreage of 2,605.49.

Additionally, on page 1-9, the acreage for this lease is listed as 2,249.25. These three inconsistencies need to be corrected.

Page 1-8 of the approved MRP has been revised from 2,249.25 acres to reflect the correct acreage for lease UTU-78562 of 2,605.49 acres.

- Page 1-6 states that a total of 2162.34 acres of state coal is held by West Ridge Resources. However, this acreage is indicated as 2171.94 on table 1-2 on page 1-10. **(IC)**

Both Page 1-6 and table 1-2 on page 1-10 are correct as written. Page 1-6 states total "Coal Lease" acres, whereas table 1-2 on page 1-10 states surface lease acres. Both are correct and have not been revised.

R645-301-114: Please provide evidence of updated Federal Lease documents for incorporation into Appendix 1-4. The acreages listed in the lease documents for leases SL-068754 and UTU-78562 do not match the figures listed in the text and tables of chapter 1 of the mining and reclamation plan. Please update these figures to make them consistent with the lease documents. **(IC)**

Updated lease documents for both SL-068754 and UTU-78562 have been included for replacement in Appendix 1-4.

R645-301-358.200: Please provide the survey data showing that the activity of nests that will be undermined in 2013. If an active nest is located above the subsidence area, the permittee must work with the Division, DWR and the USFWS to determine how the nest will be protected or avoided during mining. **(IC)**

The 2012 raptor survey has been included for updating the "CONFIDENTIAL" file. No active nests were located within the subsidence area of the submittal.

R645-301-521: Please update map 5-4B to include the new lease area. **(IC)**

Map 5-4B is no longer required and has been removed from the permit.

WordPerfect Document Compare Summary

Original document: S:\WEST RIDGE\Submittals\2013\13-001 Deficiency 12-003\12-003 Chapter 1.wpd

Revised document: @PFDesktop\MyComputer\S:\WEST RIDGE\Submittals\2013\13-001 Deficiency 12-003\13-001 Chapter 1.wpd

Deletions are shown with the following attributes and color:

~~Strikeout~~, **Blue** RGB(0,0,255).

Deleted text is shown as full text.

Insertions are shown with the following attributes and color:

Double Underline, **Redline**, **Red** RGB(255,0,0).

The document was marked with 2 Deletions, 2 Insertions, 0 Moves.

Appendix 1-12 for details)

3) BLM Right-of-Way 87110 This right-of way authorizes the installation of three (3 ea.) catchment structures in the C Canyon drainage below the mine. These catchments are designed to provide containment of unanticipated coal-fines accumulations from the mine discharge water. These catchment structures comprises a total of 0.69 acres (Refer to Appendix 5-15 for details).

The total permit area is 8,080.58 acres. Refer to Map 1-1 for the permit area location. Refer to Table 1-4 for the legal description of the permit area by composite leasehold, and Table 1-5 for the legal description of the permit area in total area. Table 1-6 describes the surface ownership of the permit area.

The permit area consists of the following areas:

- 1) all of federal coal leases SL-068754-U-01215 (3,130.87 acres)
- 2) most of federal coal lease UTU 78562 (2,~~403.07~~605.49 acres),
- 3) all of state coal leases ML-47711 (801.24 acres)
- 4) all of state coal lease ML-49287 (881.10 acres)
- 5) much of state coal lease ML-51744 (212.5 acres)
- 6) much of the Penta Creek fee coal lease (650.49 acres)
- 7) SITLA surface lease 1163, for topsoil borrow area (9.6 acres).
- 8) BLM right-of-way UTU-77120, for pumping station (0.23 acres)
- 9) BLM right-of-way UTU-87110, for catchment structures A, C and E (0.69 acres)
- 10) Carbon County authorization, road security gate (0.79 acres). See Appendix 1-13

Disturbed area within the permit area consists of the following:

1)	Minesite surface facilities	29.82 acres
2)	Pumping station	0.23 acres
3)	GVH installation (main pad)	0.24 acres
4)	GVH installation (GVH 5 "pullout")	0.02 acres
5)	GVH topsoil storage	0.1 acres
6)	Catchment structures A	0.12 acres
7)	Catchment structures C	0.23 acres
8)	Catchment structures E	0.23 acres
9)	B Canyon Portal re-opening	<u>0.25 acres</u>
	TOTAL	31.24 acres

See Table 1-7 for complete legal description of disturbed areas.

114.200 Not applicable, the fee lease mineral estate is not severed from the surface estate.

**TABLE 1-1
FEDERAL LEASE and R.O.W. PROPERTIES**

<u>PARCEL</u>	<u>ACREAGE</u>	<u>LEGAL DESCRIPTION</u>
1) <u>FEDERAL COAL LEASE SL-068754</u> (SL-068754-U-01215)	3,130.87	T 14 S, R 13 E
		Section 10: NE, E2NW, N2SE, SESE
		Section 11: All
		Section 12: S2SW, NWSW
		Section 13: S2, NW, S2NE, NWNE
		Section 14: E2, N2NW, SENW, SWNW, N2NWSW, E2SW
		Section 15: NENE, W2NE, E2SENE
		Section 23: Lot 1, N2NE, SWNE, NENW
		Section 24: N2, N2SE, NESW, NWSW
		2) <u>FEDERAL COAL LEASE UTU-78562</u>
Section 34: NESE, S2SE		
Section 35: All		
T 13 S, R 14 E		
Section 31: Lot 4, S2SESW, NESESW, SENWSESW, W2SWSE, S2SESWSE, S2S2SESE		
T 14 S, R 13 E		
Section 1: All		
Section 12: Lots 1 thru 4, S2N2, NESW, SE		
Section 13: NENE		
T 14 S, R 14 E		
Section 5: Lot 4, W2W2SWNW, SWNWSW, W2NWNWSW, W2SWSW		
Section 6: Lot 6, NESW, NESE		
Section 7: Lots 3 and 4		

Appendix 1-12 for details)

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<u>2) FEDERAL COAL LEASE UTU-78562</u>	2,605.49	T 13 S, R 13 E Section 34: NESE, S2SE Section 35: All T 13 S, R 14 E Section 31: Lot 4, S2SESW, NESESW, SENWSESW, W2SWSE, S2SESWSE, S2S2SESE T 14 S, R 13 E Section 1: All Section 12: Lots 1 thru 4, S2N2, NESW, SE Section 13: NENE T 14 S, R 14 E Section 5: Lot 4, W2W2SWNW, SWNWSW, W2NWNWSW, W2SWSW Section 6: Lot 6, NESW, NESE Section 7: Lots 3 and 4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No. UTU-78562

MODIFIED COAL LEASE

Date of Lease February 1, 2002

PART I.

THIS MODIFIED COAL LEASE is entered into on JUN 10 2011, by and between the UNITED STATES OF AMERICA, hereinafter called the Lessor, through the Bureau of Land Management, and ANDALEX Resources, Inc.
P. O. Box 910
East Carbon, Utah 84520

hereinafter called Lessees.

This modified lease shall retain the effective date of February 1, 2002, of the original COAL LEASE UTU-78562, and is effective for a period of 20 years therefrom, and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year (February 1, 2022), and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the: (NOTE: Check the appropriate Act or Acts.)

Mineral Lands Leasing Act of 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;

Mineral Leasing Act for Acquired Lands of 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessees as the holders of Coal Lease UTU-78562, issued effective February 1, 2002, was granted the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 1 and Tract 2.

The Lessor in consideration of fair market value, rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to Lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 3.

Tract 1:

T. 13 S., R. 13 E., SLM, Utah
Sec. 35, S $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$;

T. 14 S., R. 13 E., SLM, Utah
Sec. 1, lots 2-7, SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$,
W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$,
Sec. 12, lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$;
Sec. 13, NE $\frac{1}{4}$ NE $\frac{1}{4}$;

T. 14 S., R. 14 E., SLM, Utah
Sec. 6, lot 6;
Sec. 7, lots 3 and 4;
Sec. 18, lot 1, E $\frac{1}{2}$ NW $\frac{1}{4}$.

Tract 2:

T. 13 S., R. 13 E., SLM, Utah
Sec. 34, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 35, N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$;

T. 14 S., R. 13 E., SLM, Utah
Sec. 1, lot 1;

T. 14 S., R. 14 E., SLM, Utah
Sec. 6, NE $\frac{1}{4}$ SW $\frac{1}{4}$.

Tract 3:

T. 13 S., R. 14 E., SLM, Utah
Sec. 31, lot 4, S $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$,
SE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$,

T. 14 S., R. 14 E., SLM, Utah
Sec. 5, lot 4, W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$,
SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$,

S $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{4}$ S $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$;

W $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Sec. 8, NE $\frac{1}{4}$ SE $\frac{1}{4}$;

Sec. 8, W $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$,
SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$,
W $\frac{1}{4}$ E $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$,
SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Sec. 17, N $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$.

containing 2,605.49 acres, more or less,

together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

Part II. TERMS AND CONDITIONS

Sec. 1.(a) RENTAL RATE - Lessee shall pay Lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$3.00 per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2.(a) PRODUCTION ROYALTIES - The royalty shall be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to Lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the Lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the Lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$905,000.00. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation. Continued operation may be excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the Lessee. The Lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of ten years from the original date of this lease shall terminate the lease.

The Lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, *inter alia*, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - The lands contained in the original lease have been included in

the LMU application UTU- 86007 filed February 1, 2008. Within 30 days after the effective date of this lease modification, the Lessee shall amend its application for the Westridge Logical Mining Unit to include the 602.91 acres added to Coal Lease UTU- 78562 by this modification. The modified land shall be segregated into another Federal coal lease should the Lessee fail to file such an amendment.

The stipulations established in an LMU approval in effect at the time of LMU approval or modification will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as Lessor may prescribe, Lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of Lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow Lessor access to and copying of documents reasonably necessary to verify Lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by Lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specifications of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of Lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8 PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither Lessee nor Lessee's subcontractors shall maintain segregated facilities.

Sec. 9(a) TRANSFERS
(Check the appropriate space)

This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) **RELINQUISHMENTS** - The Lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon Lessor's acceptance of the relinquishment, Lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such times as all portions of this lease are returned to Lessor, Lessee shall deliver up to Lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, Lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the Lessor, but Lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the Lessor. If the surface is owned by third parties, Lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by Lessee's activity or activities incidental thereto, and reclaim access roads or trail.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT -

If Lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the Lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by Lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS - IN-

INTEREST - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall insure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall

indemnify and hold harmless the United States from any and all claims arising out of the Lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is

subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. SPECIAL STIPULATIONS -

SEE ATTACHED STIPULATIONS

Andalex Resources, Inc.
Company or Lessee Name

Daniel W. Hills
(Signature of Lessee)

President
(Title)

5/26/11
(Date)

The United States of America

BY [Signature]

Kent Hoffman

(Signing Officer)

Deputy State Director - Lands & Minerals
(Title)

JUN 10 2011

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**SPECIAL STIPULATIONS FOR UTU-78562
MODIFIED COAL LEASE**

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable the Utah program approved under the cooperative agreement in accordance with sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.

If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the Authorized Officer. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

3. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by a qualified paleontologist and a report prepared itemizing the findings.

A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate, or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracts commonly encountered during underground mining.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measure shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. The Lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data are adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface and ground water hydrology, vegetation and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

6. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

7. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal-handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.
8. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data. The monitoring system shall be adequate to locate and quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation and wildlife.
9. Except at locations specifically approved by the Authorized Officer with concurrence of the surface management agency, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, and (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.
10. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.
11. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to an authorized post mining land use.
12. The Lessee at the conclusion of the mining operation, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the Lessee, by BLM to the standards and guidelines found in the Manual of Surveying Instructions, U.S. Department of Interior.
13. Notwithstanding the approval of a resource recovery and protection plan by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (i) the operator/lessee fails to achieve maximum economic recovery [as defined at 43 CFR §3480.0-5(21)] of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or un-recovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator shall submit appropriate justification to obtain approval by the AO to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2 modification will not attain MER resulting from changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a new R2P2 modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left un-mined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such un-mined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered un-minable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is

due under this stipulation is appealable as allowed by law.

14. WASTE CERTIFICATION: The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no **hazardous substances** per (40 CFR 302.4) or **used oil** as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.

15. ABANDONMENT OF EQUIPMENT: The lessee/operator is responsible for compliance with reporting regarding toxic and hazardous material and substances under Federal Law and all associated amendments and regulations for the handling such materials on the land surface and in underground mine workings.

The lessee/operator must remove mine equipment and materials not needed for continued operations, roof support and mine safety from underground workings prior to abandonment of mine sections. Exceptions can be approved by the Authorized Officer (BLM) in consultation with the surface management agency. Creation of a situation that would prevent removal of such material and by retreat or abandonment of mine sections without prior authorization would be considered noncompliance with lease terms and conditions and subject to appropriate penalties under the lease.

16. UNDERGROUND INSPECTION: All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground.

The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval.

17. GOB VENT BOREHOLES. The Lessee shall submit a gob vent borehole plan for approval by the AO as part of an R2P2 for all gob vent boreholes. The plugging portion of the plan must meet 43 CFR 3484.1(a)(3) as a minimum. If variations to the approved plugging procedures are necessary, they shall also be approved by the AO in writing prior to implementation of the procedures.

18. The holder of this lease shall be required to conduct appropriate surveys for Mexican Spotted owls on the lease tract areas with 40 percent or greater slope, cliff habitat areas, riparian habitats, and mixed conifer forest habitats, prior to surface disturbing activities and or development with a potential to interrupt springs. Inventory work will be conducted by parties approved and permitted for such survey work by the Authorized Officer of the BLM and conducted following current protocols established by the USFWS.

19. SEISMIC STIPULATION: Mining operations shall be conducted in a manner to prevent seismic events that would cause damage to surface or subsurface structures such as: power lines or mine pillars and other structures such as Grassy Trail Reservoir and/or create hazardous conditions such as landslides.

The lessee shall: (1) Provide a seismic risk assessment of the Grassy Trail Reservoir to the AO prior to mining in the lease. (2) Prior to mining in the lease, the Lessee shall provide a plan to monitor the Reservoir and the steps necessary to mitigate any damage created by the Lessee. These plans shall be updated by the Lessee as deemed necessary by the AO.

The AO will either approve or may prescribe the mining methods used, the amount of coal recovered or determine the corrective measures necessary to assure protection of surface or subsurface structures and resources. The Lessee is and will remain liable for any and all damages or hazardous conditions resulting from the mining operations under

the lease.

20. **FAIR MARKET VALUE BONUS:** Due to the uncertainty of the amount of recoverable coal reserves in this modification, the lessee will pay the fair market value (FMV) bonus payment for the coal resources mined in the area of Federal coal lease modification (U78562) Tract 2, at the rate of \$0.35 per ton for the actual tonnage mined, adjusted annually using the U. S. Bureau of Labor Statistics CPI West Urban Energy Index; or if that index is not available an index that is mutually agreed to by the lessee and the authorized officer will be used. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Office of Natural Resources Revenue (ONRR). The lessee will clearly indicate which portion of the payment is for royalty and what is for the lease bonus payment.

21. **FAIR MARKET VALUE BONUS:** Due to the uncertainty of the amount of recoverable coal reserves in this modification, the lessee will pay the fair market value (FMV) bonus payment for the coal resources mined in the area of Federal coal lease modification (U78562) Tract 3, at the rate of \$0.37 per ton for the actual tonnage mined, adjusted annually using the U. S. Bureau of Labor Statistics CPI West Urban Energy Index; or if that index is not available an index that is mutually agreed to by the lessee and the authorized officer will be used. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Office of Natural Resources Revenue (ONRR). The lessee will clearly indicate which portion of the payment is for royalty and what is for the lease bonus payment.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No. UTSL-068754-U-01215

MODIFIED COAL LEASE

Date of Lease: June 1, 1951

PART I.

THIS MODIFIED COAL LEASE is entered into on NOV 01 2012, by and between the **UNITED STATES OF AMERICA**, hereinafter called the Lessor, through the Bureau of Land Management, and
ANDALEX Resources, Inc.
794 North "C" Canyon Road
P. O. Box 910
East Carbon, UT 84520

hereinafter called Lessee.

This modified lease shall retain the effective date of June 1, 1951, of the original **COAL LEASE UTSL- 068754 - U-01215**, and is effective for a period of 20 years from the date of issuance of the lease, dated June 1, 1951 and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms next on June 1, 2021 and at the end of each 10 year lease period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the: (NOTE: Check the appropriate Act or Acts.)

XX Mineral Lands Leasing Act of 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;

 Mineral Leasing Act for Acquired Lands of 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessee as the holder of Coal Lease UTSL- 068754 – U-01215, issued effective June 1, 1951, were granted the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 1 and Tract 2.

The Lessor in consideration of fair market value, rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to Lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described below as Tract 3.

Tract 1:

T. 14 S., R. 13 E., SLM, Utah
Sec. 10, NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 11, all;
Sec. 12, S $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$;
Sec. 13, NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$;
Sec. 14, E $\frac{1}{2}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$;
Sec. 24, N $\frac{1}{2}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$;

Containing 2,570.67 acres

Tract 2:

T. 14 S., R. 13 E., SLM, Utah
Sec. 10, SE $\frac{1}{4}$ SE $\frac{1}{4}$;
Sec. 15, NE $\frac{1}{4}$ NE $\frac{1}{4}$;

Containing 80.00 acres

Tract 3:

T. 14 S., R. 13 E., SLM, Utah
Sec. 14, SW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$;

Sec. 15. W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$;
Sec. 23, lot 1, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$;
Sec. 24, NW $\frac{1}{4}$ SW $\frac{1}{4}$.

Containing 480.20 acres

containing 3,130.87 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

Part II. TERMS AND CONDITIONS

Sec. 1.(a) RENTAL RATE - Lessee shall pay Lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$3.00 per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2.(a) PRODUCTION ROYALTIES - The royalty shall be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to Lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the Lessee, the authorized officer may accept, for a total of not more than 20* years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the Lessee requests approval to pay advance royalties in lieu of continued operation.

* 20 years (Public Law 109-58)

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$212,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease has achieved diligent development, and is subject to the conditions of continued operation. Continued operation may be excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the Lessee. The Lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension.

The Lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the Lessor of the Lessee's application or at the direction of the Lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval or modification will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

An application has been made to place this lease in the Westridge LMU.

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as Lessor may prescribe, Lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any duly authorized officer of Lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow Lessor access to and copying of documents reasonably necessary to verify Lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Action (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit

area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by Lessor to accomplish the intent of this lease term. Such measures may include, but not limited to, modification to proposed siting or design of facilities, timing of operations, and specifications of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of Lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8 PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any

mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither Lessee nor Lessee's subcontractors shall maintain segregated facilities.

Sec. 9.(a) TRANSFERS
(Check the appropriate space)

This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.

This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.

This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) **RELINQUISHMENTS** - The Lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon Lessor's acceptance of the relinquishment, Lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such times as all portions of this lease are returned to Lessor, Lessee shall deliver up to Lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, Lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become

the property of the Lessor, but Lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the Lessor. If the surface is owned by third parties, Lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by Lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT -

If Lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the Lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by Lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS - IN-

INTEREST - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the Lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

Sec. 15. SPECIAL STIPULATIONS -

SEE ATTACHED STIPULATIONS

Andalex Resources, Inc.
Company or Lessee Name

Daniel W. Hill
(Signature of Lessee)

President
(Title)

10/8/12
(Date)

The United States of America

BY Kent Hoffman

[Signature]
(Signing Officer)

DSD LANDS AND MINERALS

(Title)

OCT 30 2012

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**SPECIAL STIPULATIONS FOR UTSL-068754-01215
MODIFIED COAL LEASE**

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable the Utah program approved under the cooperative agreement in accordance with sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.

If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the Authorized Officer. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

3. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by a qualified paleontologist and a report prepared itemizing the findings.

A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the Authorized Officer who shall evaluate, or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracts commonly encountered during underground mining.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measure shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. The Lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data are adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface and ground water hydrology, vegetation and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.
6. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.
7. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal-handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.
8. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data. The monitoring system shall be adequate to locate and quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation and wildlife.
9. Except at locations specifically approved by the Authorized Officer, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, and (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.
10. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts shall be constructed from inside the mine, except at specifically approved locations.
11. If removal of timber is required for clearing of construction sites, etc., such timber shall be removed in accordance with the regulations of the surface management agency.
12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to an authorized post mining land use.

13. The Lessee at the conclusion of the mining operation, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the Lessee, by BLM, to the standards and guidelines found in the Manual of Surveying Instructions, U.S. Department of Interior.

14. Notwithstanding the approval of a resource recovery and protection plan by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (i) the operator/lessee fails to achieve maximum economic recovery [as defined at 43 CFR §3480.0-5(21)] of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or un-recovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unminable by the operation, the operator shall submit appropriate justification to obtain approval by the AO to leave such reserves unmined. Upon approval by the AO, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the AO determines that the R2P2 modification will not attain MER resulting from changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO will order a new R2P2 modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left un-mined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such un-mined recoverable coal reserves shall become due and payable upon determination by the AO that the coal reserves have been rendered un-minable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

15. **WASTE CERTIFICATION:** The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no **hazardous substances** per (40 CFR 302.4) or **used oil** as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.

16. **ABANDONMENT OF EQUIPMENT:** The lessee/operator is responsible for compliance with reporting regarding toxic and hazardous material and substances under Federal Law and all associated amendments and regulations for the handling such materials on the land surface and in underground mine workings.

The lessee/operator must remove mine equipment and materials not needed for continued operations, roof support and mine safety from underground workings prior to abandonment of mine sections. Exceptions can be approved by the Authorized Officer (BLM) in consultation with the surface management agency. Creation of a situation that would prevent removal of such material and by retreat or abandonment of mine sections without prior authorization would be considered noncompliance with lease terms and conditions and subject to appropriate penalties under the lease.

17. UNDERGROUND INSPECTION: All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground.

The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval.

18. GOB VENT BOREHOLES. The Lessee shall submit a gob vent borehole plan for approval by the AO as part of an R2P2 for all gob vent boreholes. The plugging portion of the plan must meet 43 CFR 3484.1(a)(3) as a minimum. If variations to the approved plugging procedures are necessary, they shall also be approved by the AO in writing prior to implementation of the procedures.

19. FAIR MARKET VALUE BONUS: Due to the uncertainty of the amount of recoverable coal reserves in this modification, the lessee will pay the fair market value (FMV) bonus payment for the coal resources mined in the area of Federal coal lease modification (UTSL-068754) Tract 2, at the rate of \$0.25 per ton for the actual tonnage mined. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Office of Natural Resources Revenue (ONRR). The lessee will clearly indicate which portion of the payment is for royalty and what is for the lease bonus payment.

20. FAIR MARKET VALUE BONUS: Due to the uncertainty of the amount of recoverable coal reserves in this modification, the lessee will pay the fair market value (FMV) bonus payment for the coal resources mined in the area of Federal coal lease modification (UTSL-068754) Tract 3, at the rate of \$0.42 per ton for the actual tonnage mined, adjusted annually using the U. S. Bureau of Labor Statistics CPI West Urban Energy Index; or if that index is not available the BLM authorized officer will chose a comparable index to be used. Payment of FMV at the specified rate and tonnage mined will be on the schedule required for payment of production royalties to the Office of Natural Resources Revenue (ONRR). The lessee will clearly indicate which portion of the payment is for royalty and what is for the lease bonus payment.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE INTERIOR BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

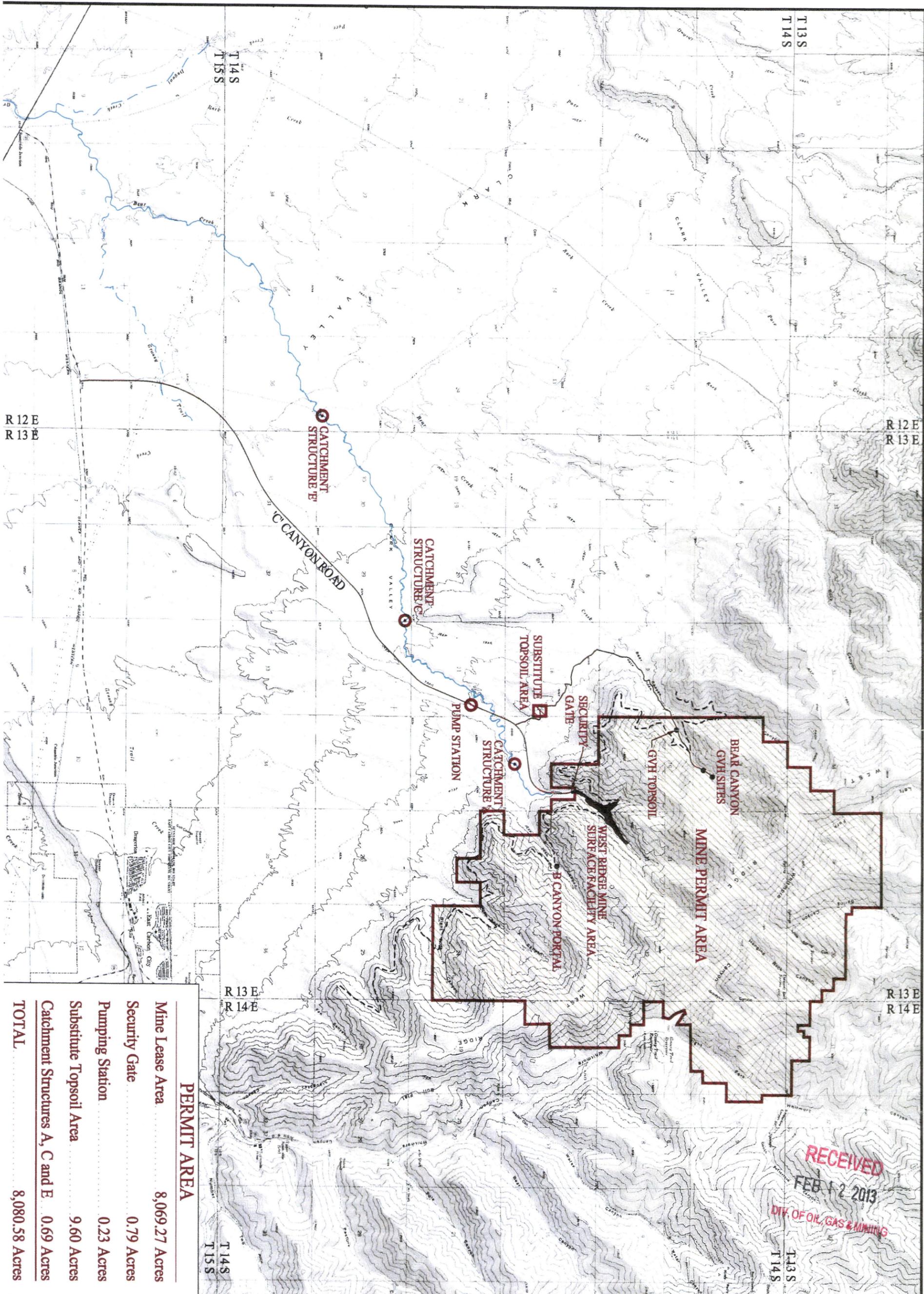
1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

-
- 1. NOTICE OF APPEAL**
- A person who wishes to appeal to the Interior Board of Land Appeals must file in the office of the officer who made the decision (not the Interior Board of Land Appeals) a notice that he wishes to appeal. A person served with the decision being appealed must transmit the *Notice of Appeal* in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a *Notice of Appeal* in time for it to be filed within 30 days after the date of publication (43 CFR 4.411 and 4.413).
-
- 2. WHERE TO FILE**
- NOTICE OF APPEAL:** Bureau of Land Management, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0151 or Bureau of Land Management, Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101 and
- WITH COPY TO SOLICITOR...** Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111
-
- 3. STATEMENT OF REASONS**
- WITH COPY TO SOLICITOR...** Within 30 days after filing the *Notice of Appeal*, file a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. If you fully stated your reasons for appealing when filing the *Notice of Appeal*, no additional statement is necessary (43 CFR 4.412 and 4.413).
- and
Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111
-
- 4. ADVERSE PARTIES.....** Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the *Notice of Appeal*, (b) the Statement of Reasons, and (c) any other documents filed (43 CFR 4.413).
-
- 5. PROOF OF SERVICE.....** Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (43 CFR 4.401(c)).
-
- 6. REQUEST FOR STAY.....** Except where program-specific regulations place this decision in full force and effect or provide for an automatic stay, the decision becomes effective upon the expiration of the time allowed for filing an appeal unless a petition for a stay is timely filed together with a *Notice of Appeal* (43 CFR 4.21). If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Interior Board of Land Appeals, the petition for a stay must accompany your *Notice of Appeal* (43 CFR 4.21 or 43 CFR 2801.10 or 43 CFR 2881.10). A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the *Notice of Appeal* and Petition for a Stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.
- Standards for Obtaining a Stay.** Except as otherwise provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards: (1) the relative harm to the parties if the stay is granted or denied, (2) the likelihood of the appellant's success on the merits, (3) the likelihood of immediate and irreparable harm if the stay is not granted, and (4) whether the public interest favors granting the stay.

Unless these procedures are followed, your appeal will be subject to dismissal (43 CFR 4.402). Be certain that all communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (43 CFR 4.401(a)). See 43 CFR Part 4, Subpart B for general rules relating to procedures and practice involving appeals.



PERMIT AREA	
Mine Lease Area	8,069.27 Acres
Security Gate	0.79 Acres
Pumping Station	0.23 Acres
Substitute Topsoil Area	9.60 Acres
Catchment Structures A, C and E	0.69 Acres
TOTAL	8,080.58 Acres

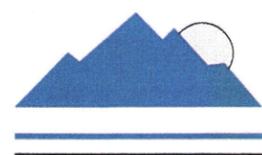
WEST RIDGE MINE
 Map 1-0, Permit Map
 Map 1-1, Location Map

DATE: 2-07-13 REV: 19 ACAD REF: Maps 1-0 and 1-1 Rev 19

LEGEND:
 Lease Areas ————
 Surface Facility Area ————
 GvH Site ●
 Outcrop - - - - -

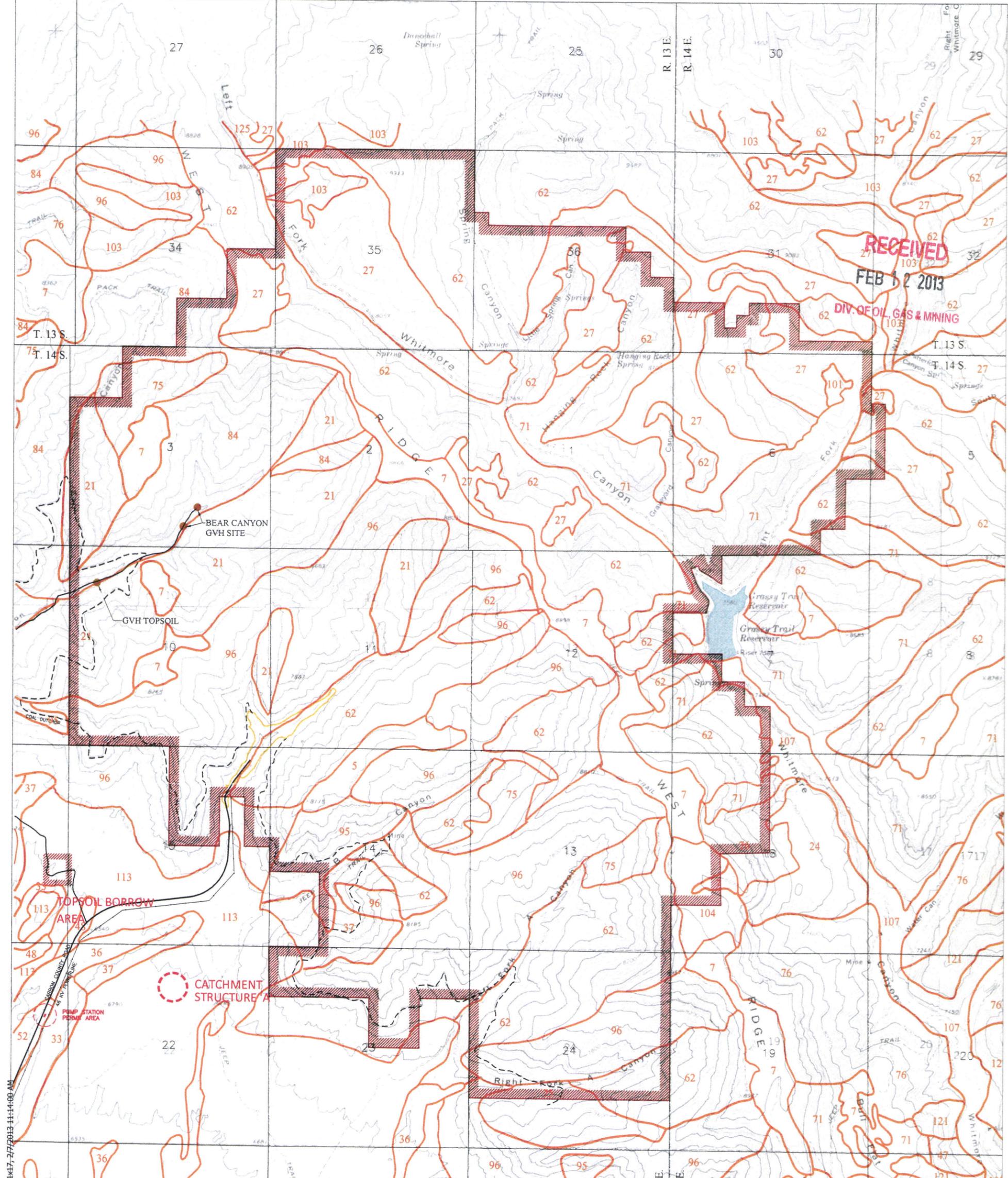


I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



WEST RIDGE
 RESOURCES, INC.

SCALE: 1"=5000'



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SOIL MAP UNITS

- | | |
|--|--|
| 5 Beje complex | 75 Perma family, 15 to 40 percent slopes |
| 7 Beje-Trag complex | 76 Perma family-Datino complex |
| 21 Croydon loam, 8 to 30 percent slopes | 84 Podo-Rock outcrop complex |
| 24 Datino Variant very stony loam, 50 to 80 percent slopes | 95 Rock outcrop |
| 27 Doney-Toze families complex | 96 Rock outcrop-Rubbleland-Travestilla complex |
| 33 Gerst-Badland-Rubbleland complex, 15 to 50 percent slopes | 101 Senchert loam, 3 to 15 percent slopes |
| 36 Gerst-Strych-Badland complex, 3 to 50 percent slopes | 103 Senchert-Toze family complex |
| 37 Gerst-Strych-Badland complex, 50 to 70 percent slopes | 104 Senchert family, 3 to 15 percent slopes |
| 48 Haverdad loam, 1 to 8 percent slopes | 107 Shupert-Winetti complex |
| 49 Haverdad loam, alkali, 0 to 3 percent slopes | 113 Strych very stony loam, 3 to 15 percent slopes |
| 52 Hernandez family, 3 to 8 percent slopes | 125 Unita-Toze families complex |
| 62 Midfork family-Commodore complex | |
| 71 Pathead extremely bouldery fine sandy loam, 40 to 70 percent slopes | |

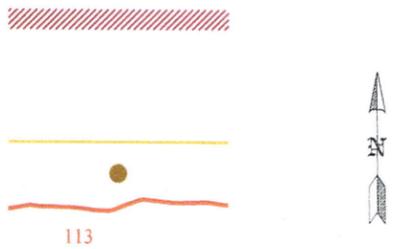
Catchment Structures C and E (Permit Areas)

Catchment Structure C: Soil Unit 36
 Catchment Structure E: Soil Unit 49
 See Appendix 5-15; Attachment 11
 See Map 1-1 for Catchment Locations
 Source: Carbon County Soil Survey,
 U.S.D.A., Soil Conservation Service



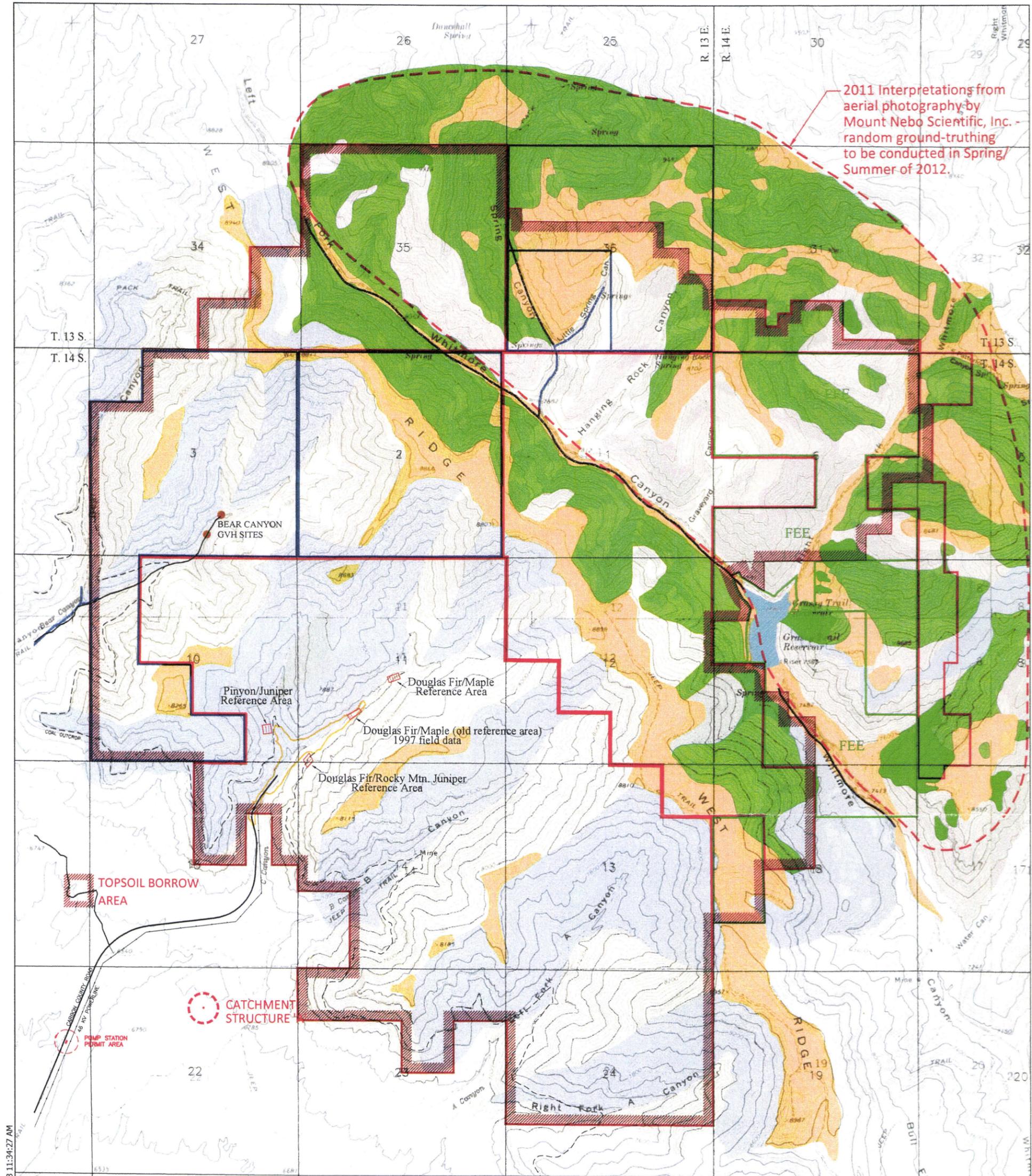
WEST RIDGE MINE
Map 2-1
Regional Soil Map

- LEGEND:**
- Permit Boundary
 - Federal Lease
 - State Lease
 - Penta Creek Fee
 - Surface Facility Area
 - GVH Site
 - Soil Mapping Boundary
 - Soil Map Number



WEST RIDGE
 RESOURCES, INC.

SCALE: 1"=2500'



2011 Interpretations from aerial photography by Mount Nebo Scientific, Inc. - random ground-truthing to be conducted in Spring/Summer of 2012.

VEGETATION COMMUNITIES

Douglas Fir	
Pinyon/Juniper	
Sagebrush/Grass/Herbland	
Aspen	
Mountain Brush/Sagebrush	
Mixed Conifer	
Open Water	
Riparian	

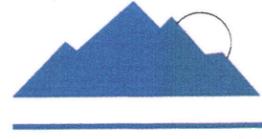
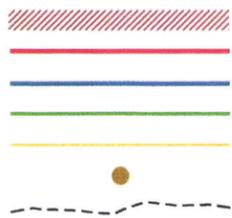
Note: Vegetation communities based on interpretations from aerial photography (8/20/97) with some ground-checking in 2003 by Mount Nebo Scientific, Inc.
 Note: See Appendix 3-12 for description of Whitmore Canyon riparian areas.

Catchment Structures C and E (Permit Areas)
 Catchment Structure C: Pinyon/Juniper
 Catchment Structure E: Sagebrush
 See Appendix 5-15; Attachment 11



WEST RIDGE MINE
Map 3-1
General Vegetation
Communities

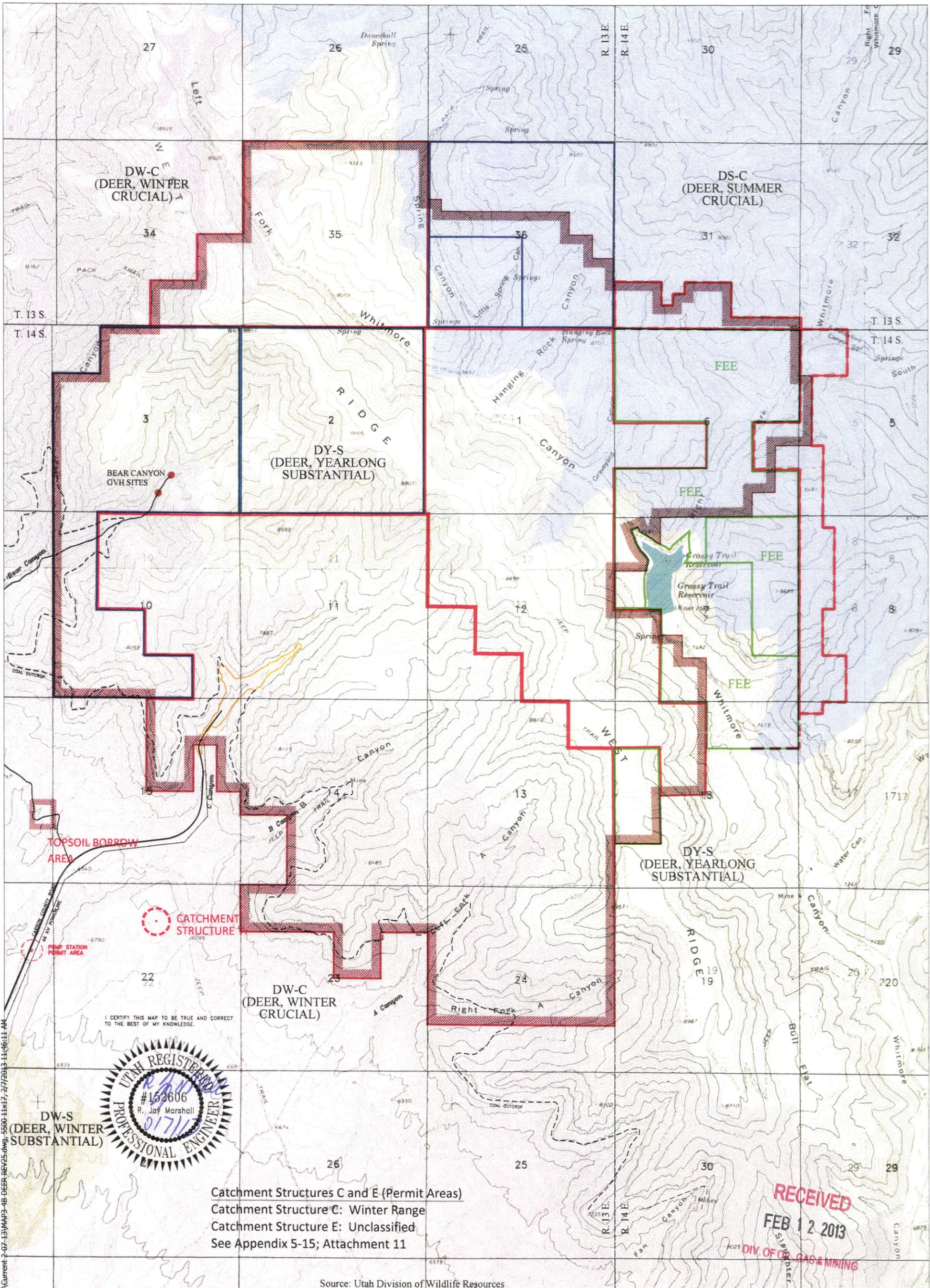
LEGEND:
 Permit Boundary
 Federal Lease
 State Lease
 Penta Creek Fee
 Surface Facility Area
 GVH Site
 Outcrop



WEST RIDGE
 RESOURCES, INC.

SCALE: 1"=2500'

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I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

UTAH REGISTERED PROFESSIONAL ENGINEER
 #152606
 R. Jay Marshall
 91711

Catchment Structures C and E (Permit Areas)
 Catchment Structure C: Winter Range
 Catchment Structure E: Unclassified
 See Appendix 5-15; Attachment 11

Source: Utah Division of Wildlife Resources

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 DIV. OF CR. GAS & MINING

WEST RIDGE MINE
 Map 3-4B
 Wildlife Map - Deer Range

DATE: 2-07-13 REV: 25 ACAD REF: MAP3-4B DEER REV25

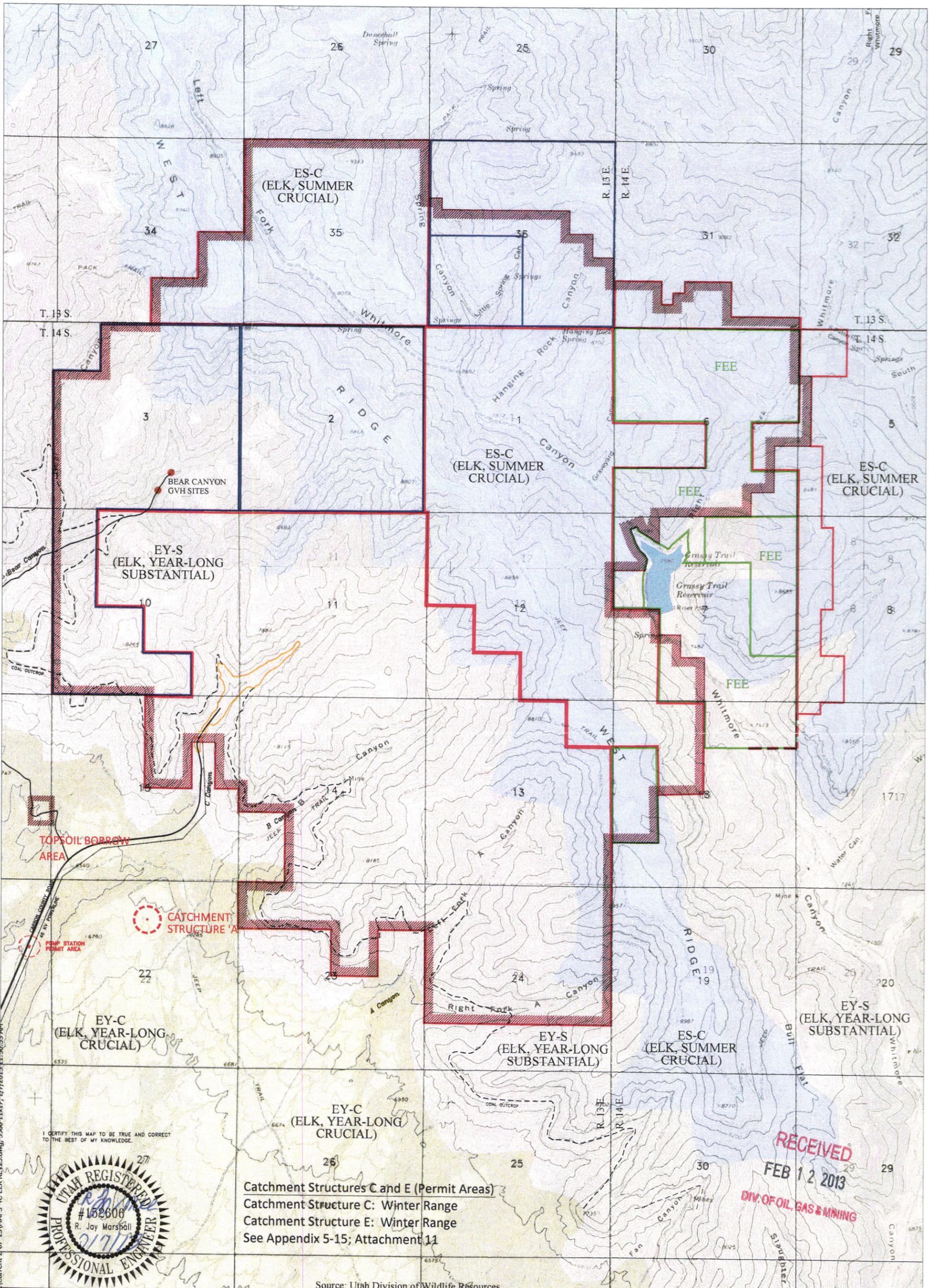
LEGEND:

Permit Boundary	
Federal Lease	
State Lease	
Private Fee	
Surface Facility Area	
GVH Site	
DW-S	
DW-C	
DS-C	
DY-S	

WEST RIDGE RESOURCES, INC.

SCALE: 1"=2500'

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Catchment Structures C and E (Permit Areas)
 Catchment Structure C: Winter Range
 Catchment Structure E: Winter Range
 See Appendix 5-15; Attachment 11

Source: Utah Division of Wildlife Resources



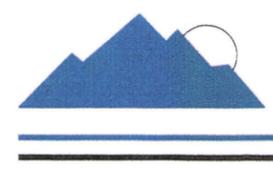
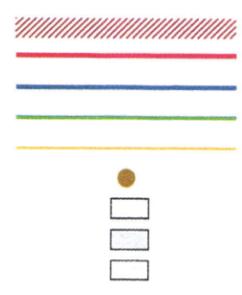
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WEST RIDGE MINE

Map 3-4C

Wildlife Map - Elk Range

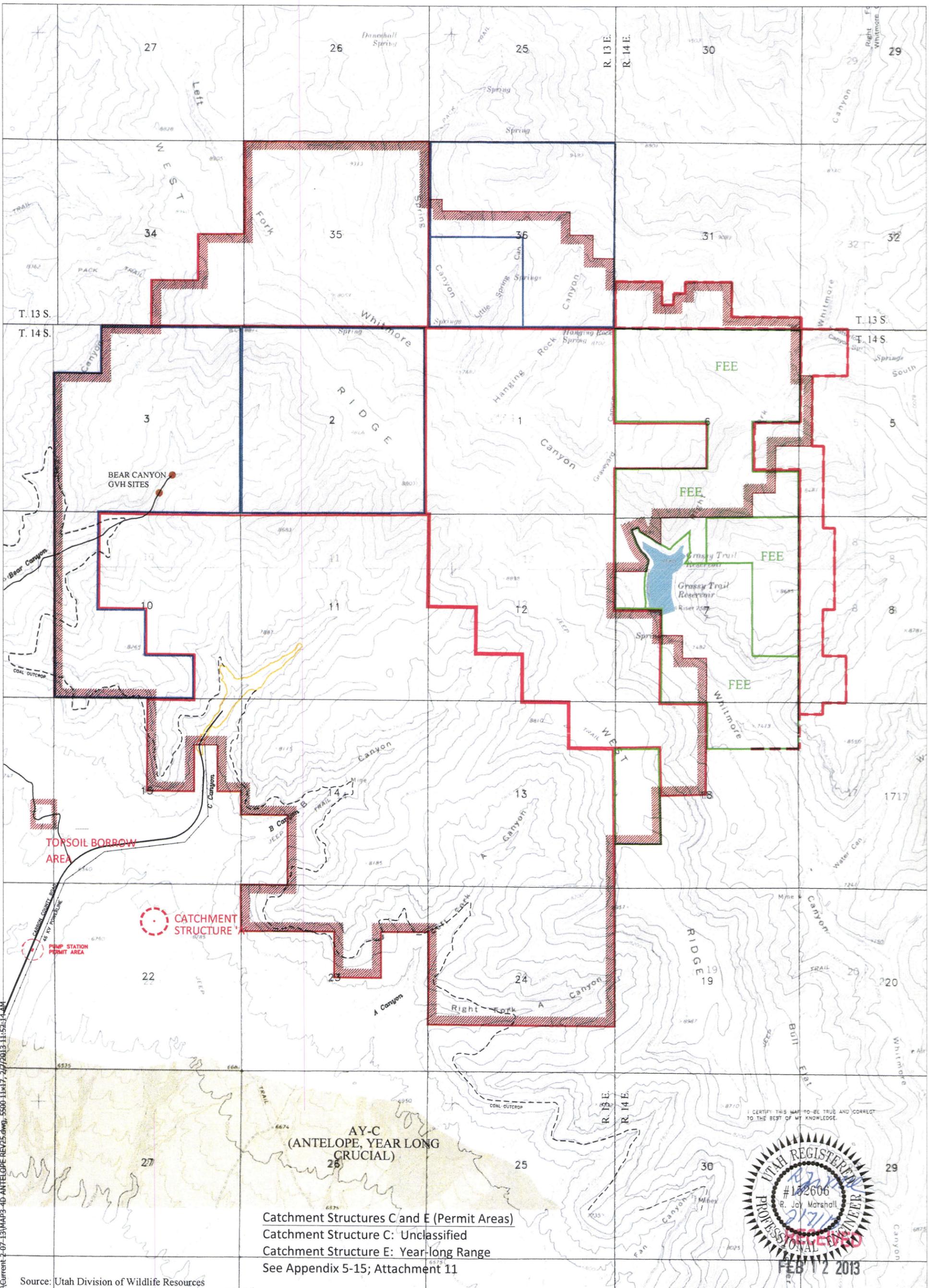
- Permit Boundary
- Federal Lease
- State Lease
- Private Fee
- Surface Facility Area
- GVH Site
- EY-C
- ES-C
- EY-S



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 RESOURCES, INC.

SCALE: 1"=2500'

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Catchment Structures C and E (Permit Areas)
 Catchment Structure C: Unclassified
 Catchment Structure E: Year-long Range
 See Appendix 5-15; Attachment 11

Source: Utah Division of Wildlife Resources



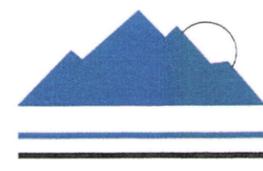
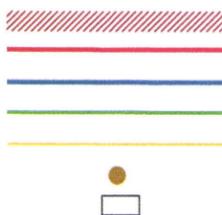
WEST RIDGE MINE

Map 3-4D

Wildlife Map - Antelope Range

LEGEND:

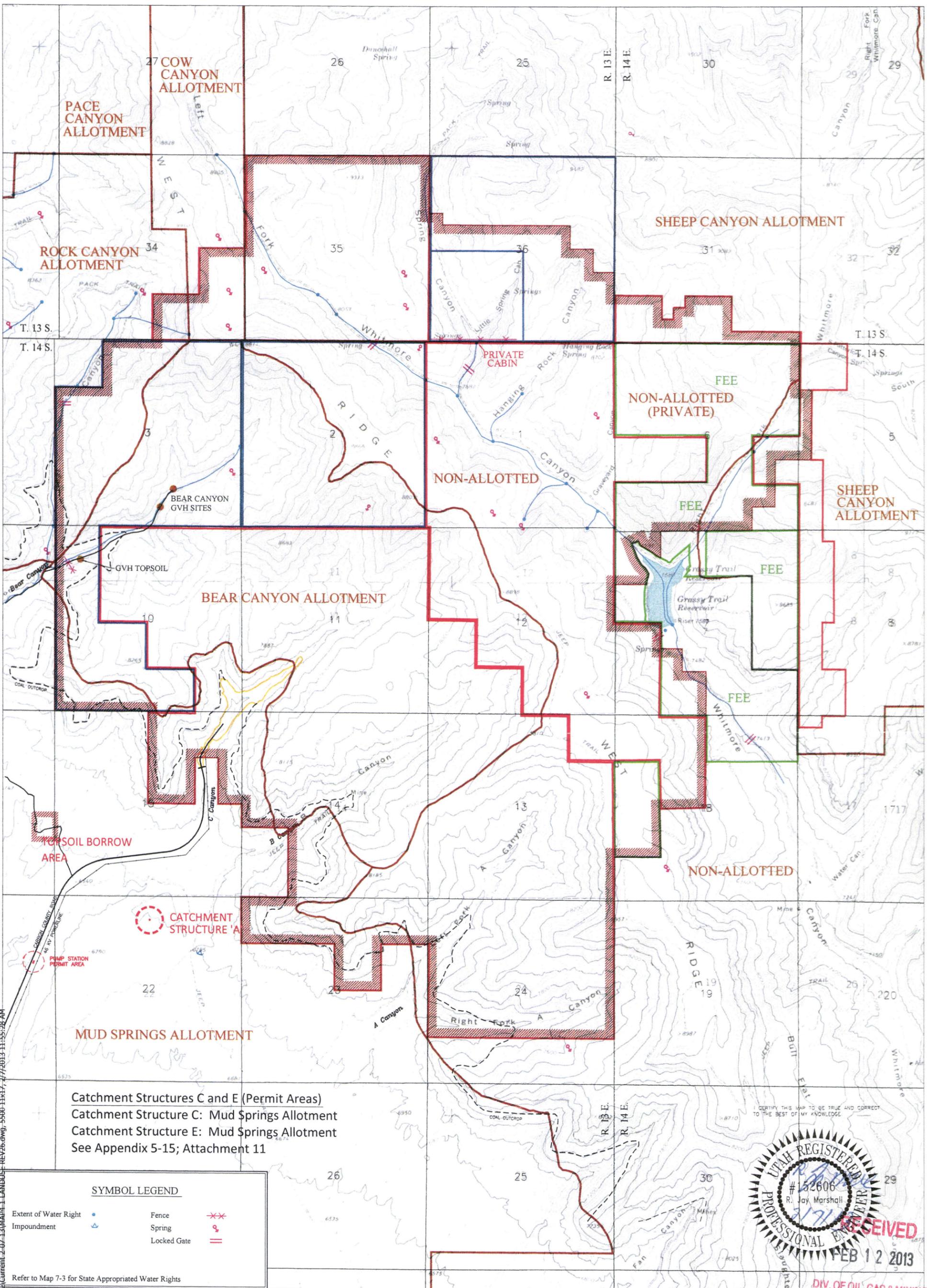
- Permit Boundary
- Federal Lease
- State Lease
- Private Fee
- Surface Facility Area
- GVH Site
- AY-H



WEST RIDGE RESOURCES, INC.

SCALE: 1"=2500'

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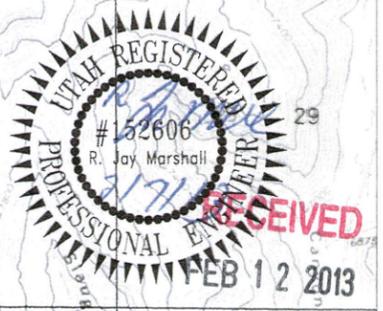


Catchment Structures C and E (Permit Areas)
 Catchment Structure C: Mud Springs Allotment
 Catchment Structure E: Mud Springs Allotment
 See Appendix 5-15; Attachment 11

SYMBOL LEGEND

Extent of Water Right	Fence	Spring
Impoundment	Spring	Locked Gate

Refer to Map 7-3 for State Appropriated Water Rights



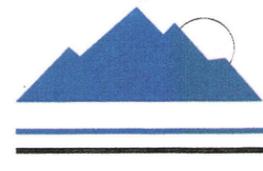
WEST RIDGE MINE

Map 4-1

Existing Land Use

LEGEND:

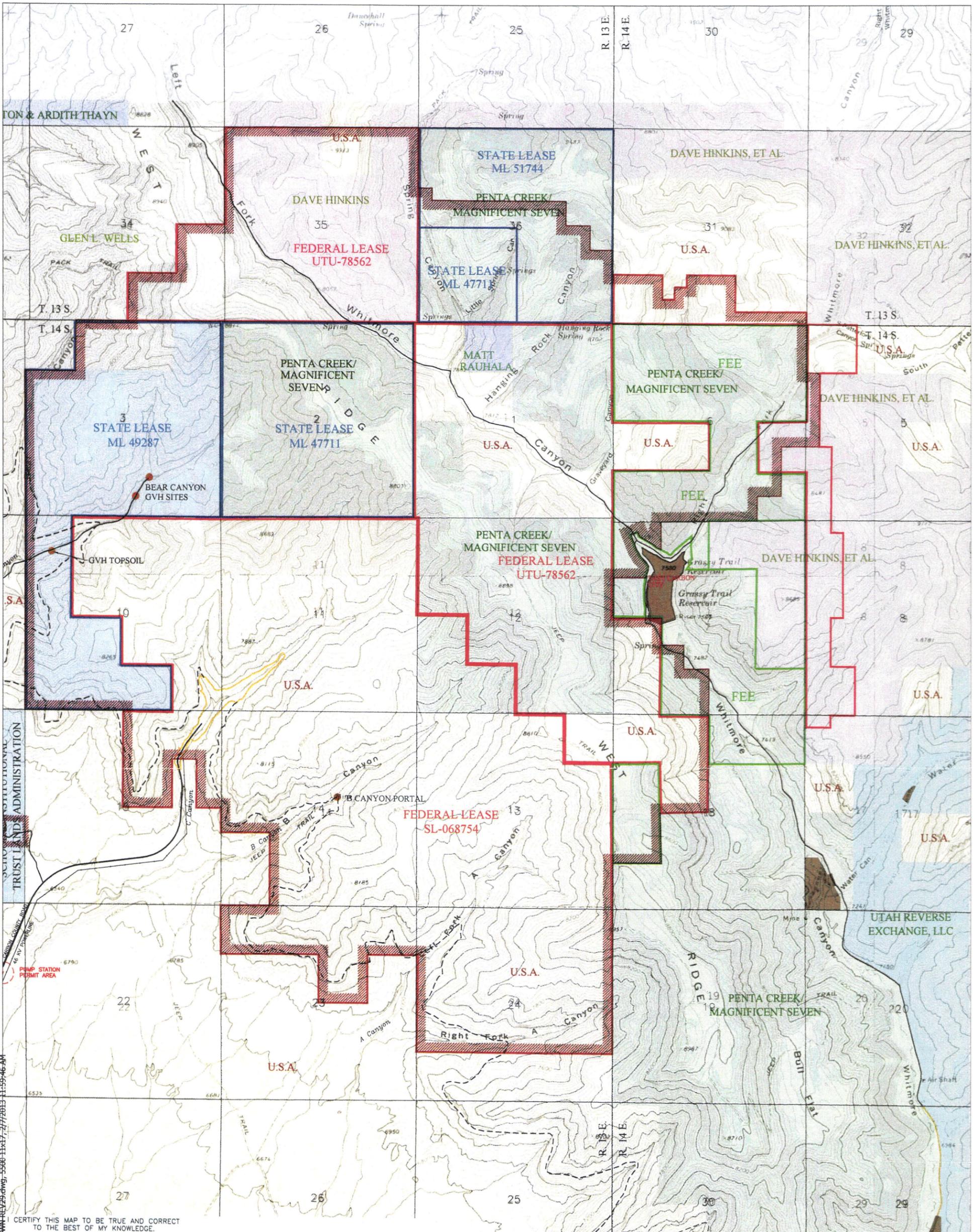
Permit Boundary	
Federal Lease	
State Lease	
Penta Creek Fee	
Surface Facility Area	
GVH Site	
Grazing Allotment Boundary	



WEST RIDGE
RESOURCES, INC.

SCALE: 1"=2500'

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CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



Catchment Structures C and E (Permit Areas)
 Catchment Structure C: U.S.A. (BLM)
 Catchment Structure E: U.S.A. (BLM)
 See Appendix 5-15; Attachment 11

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FEB 12 2013
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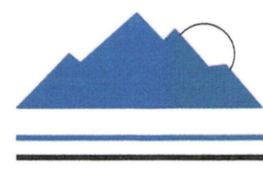
WEST RIDGE MINE

Map 5-2

Surface Ownership Map

LEGEND:

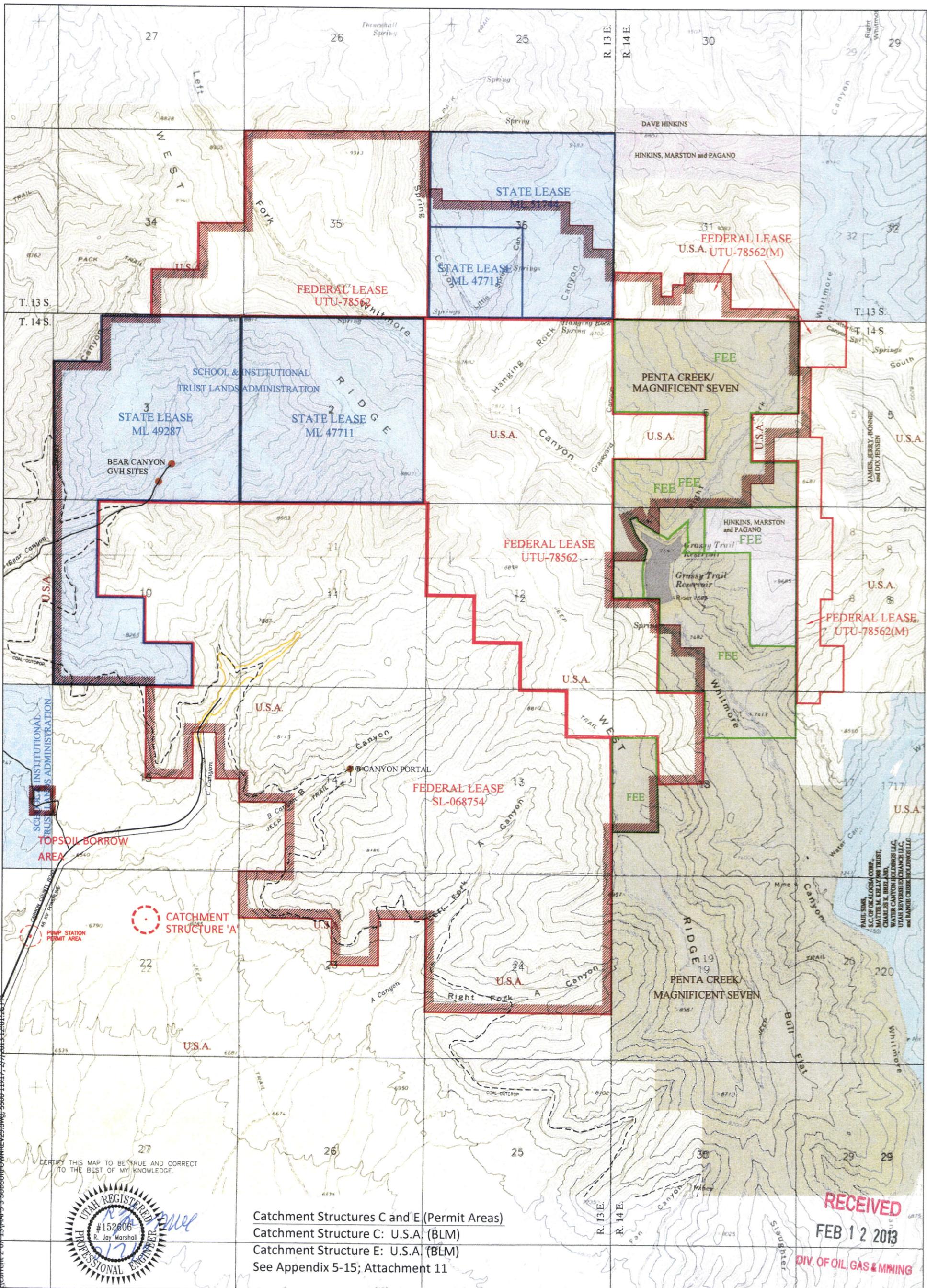
Permit Boundary		School Trust Land (SITLA)	
Federal Lease		Penta Creek/Magnificent Seven	
State Lease		U.S.A. (BLM)	
Penta Creek Fee		Dave Hinkins, et al.	
Surface Facility Area		Glen L. Wells	
GVH Site		Matt Rauhala	
Outcrop		Milton & Ardith Thayn	
		East Carbon City	
		Utah Reverse Exchange	



WEST RIDGE
 RESOURCES, INC.

SCALE: 1"=2500'

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CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



Catchment Structures C and E (Permit Areas)
 Catchment Structure C: U.S.A. (BLM)
 Catchment Structure E: U.S.A. (BLM)
 See Appendix 5-15; Attachment 11

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WEST RIDGE MINE

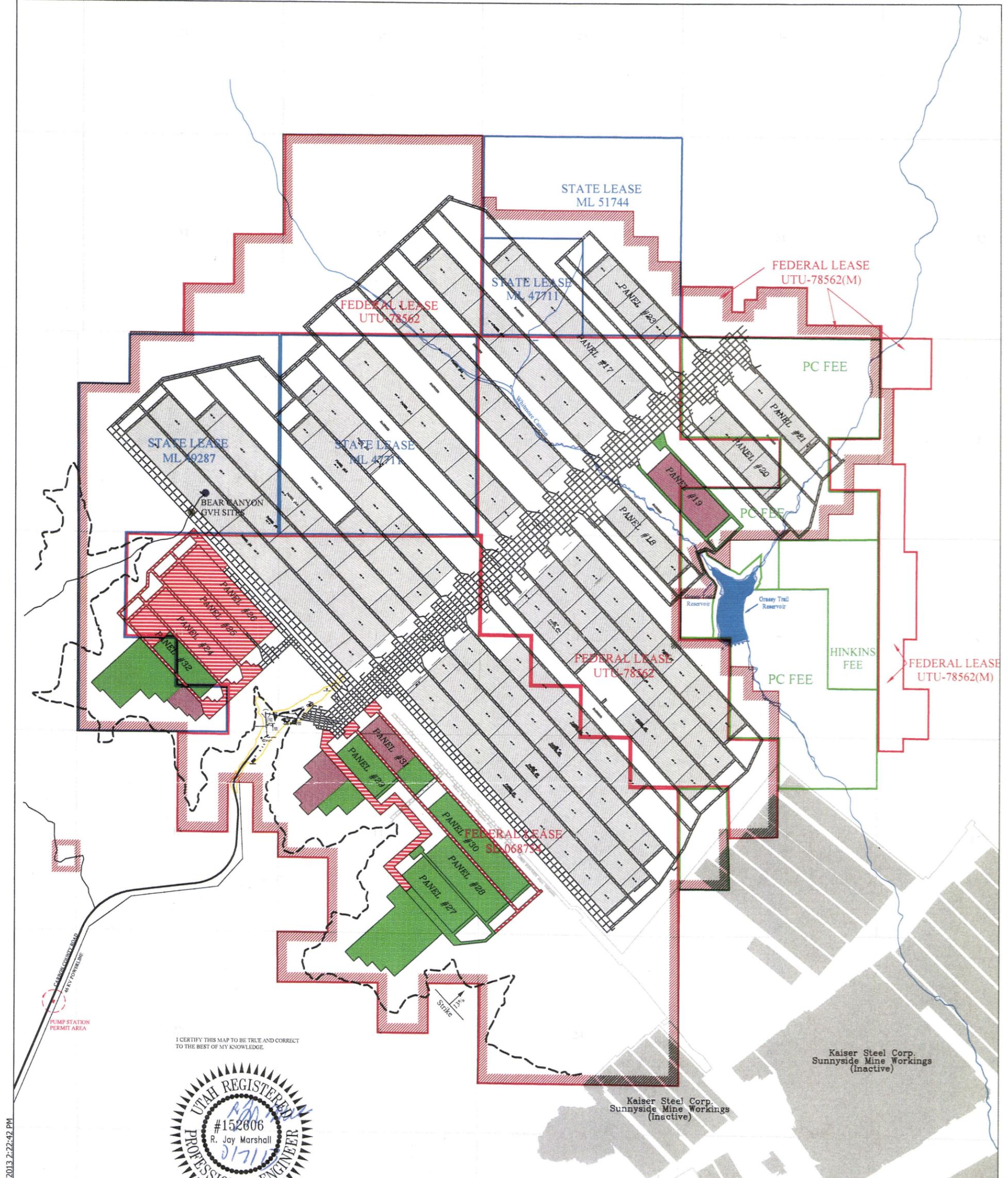
Map 5-3

Sub-surface Ownership Map

LEGEND:	
<ul style="list-style-type: none"> Permit Boundary Federal Lease State Lease Penta Creek Fee Surface Facility Area GVH Site Outcrop 	<ul style="list-style-type: none"> School Trust Lands (SITLA) Penta Creek/Magnificent Seven U.S.A. (BLM) Dave Hinkins, et al. East Carbon City James T. Jensen, et al. Paul Sims, et al.

WEST RIDGE
RESOURCES, INC.

SCALE: 1"=2500'



I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



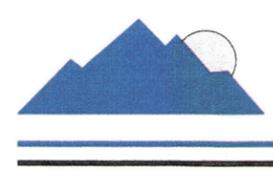
YEAR KEY:

- 2013
- 2014
- 2015

NOTE:
 Mine projections are subject to change depending on conditions encountered in the underground mine workings. Actual mine works are shown as of February 7, 2013. Mine projections depicted in the fringe areas beyond the existing permit area are speculative and based on future reserve acquisitions. No mining will be conducted in these areas unless those reserves are acquired in the future and permitted according to federal, state, and local permitting requirements. West Ridge Resources acknowledges that permission to mine within the permit boundary does not imply permission to mine beyond the permit boundary.

WEST RIDGE MINE
Map 5-4A
Mining Projections

- LEGEND:**
- Permit Boundary
 - Federal Lease
 - State Lease
 - Private Fee
 - Surface Facility Area
 - GVH Site
 - Outcrop

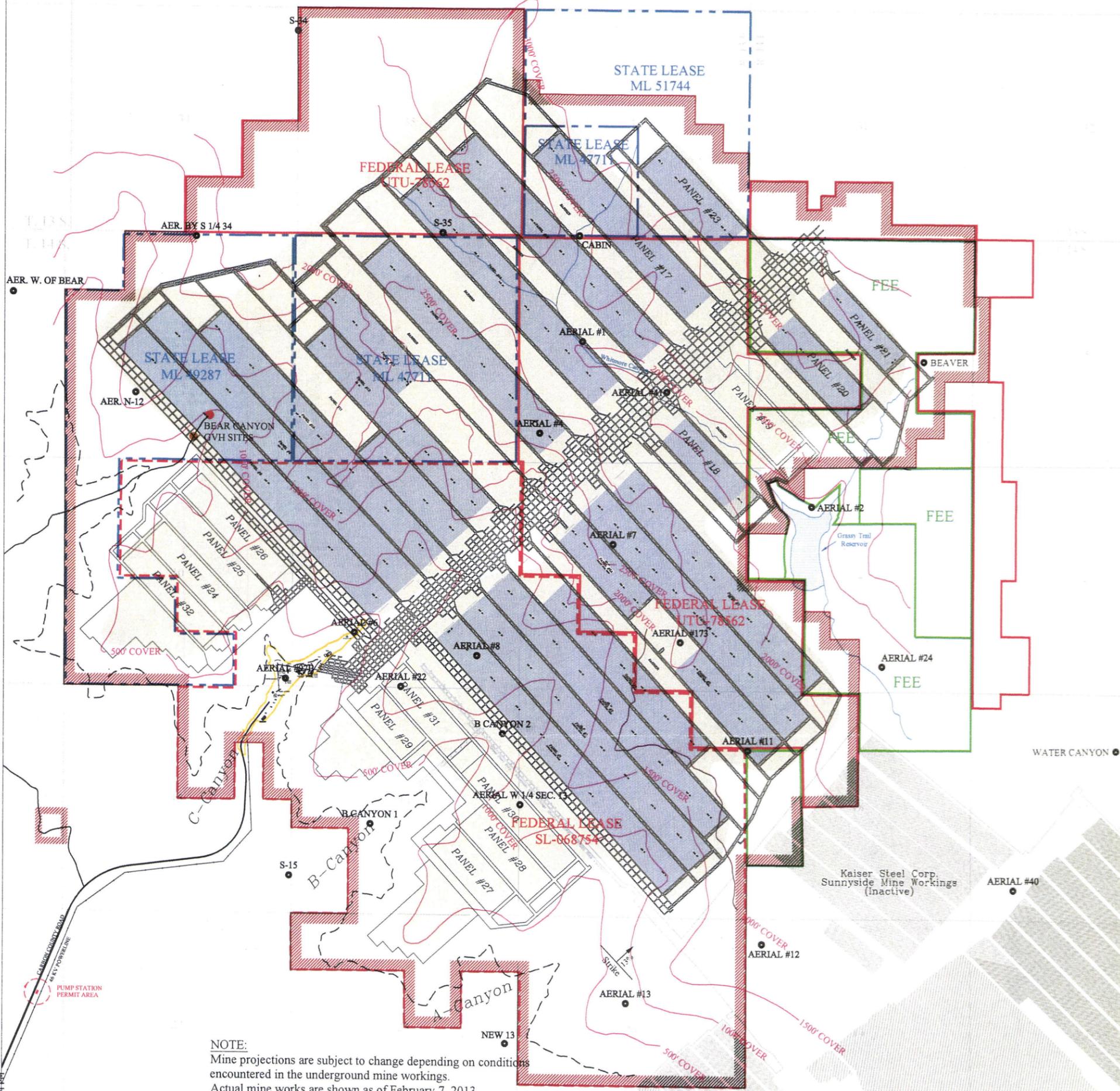


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SCALE: 1"=2500'

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NOTE:
 Mine projections are subject to change depending on conditions encountered in the underground workings.
 Actual mine works are shown as of February 7, 2013.
 Mine projections depicted in the fringe areas beyond the existing permit area are speculative and based on future reserve acquisitions.
 No mining will be conducted in these areas unless those reserves are acquired in the future and permitted according to federal, state, and local permitting requirements.
 West Ridge Resources acknowledges that permission to mine within the permit boundary does not imply permission to mine beyond the permit boundary.
 Longwall panels will be reconfigured as needed to prevent unauthorized subsidence beyond the permit area if extended reserves are not acquired in the future.
 Additional control points will be added as mine advances.



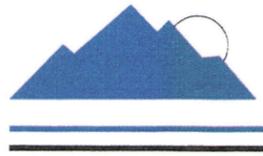
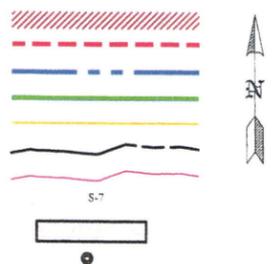
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WEST RIDGE MINE

Map 5-7

Subsidence Map

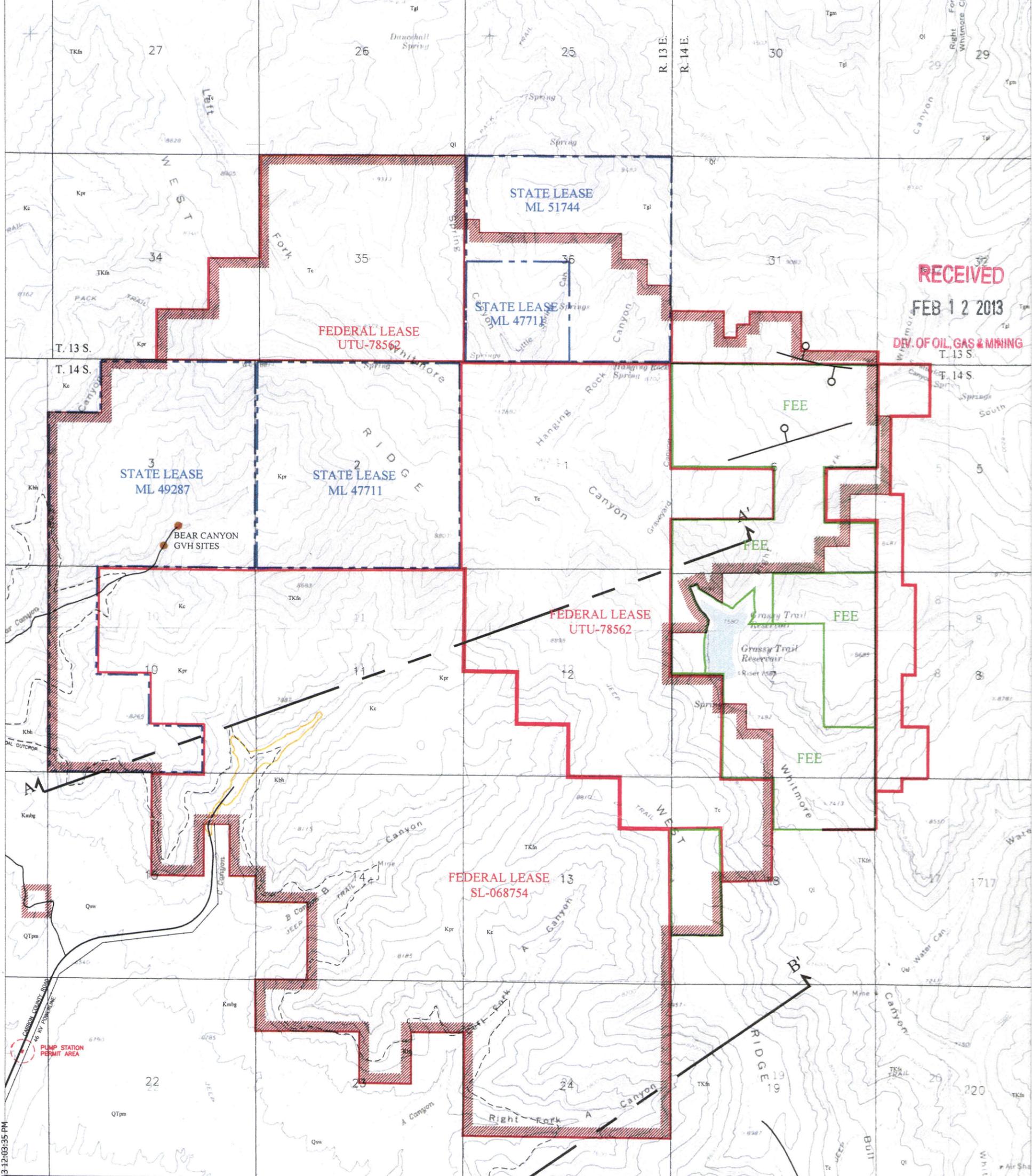
- LEGEND:**
- Permit Boundary
 - Federal Lease
 - State Lease
 - Private Fee
 - Surface Facility Area
 - Outcrop
 - Cover
 - Drill Hole
 - Possible Subsidence Area
 - Existing Photogrammetric Control Points



WEST RIDGE
 RESOURCES, INC.

SCALE: 1"=2500'

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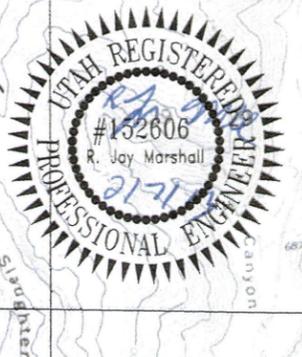
DEV. OF OIL, GAS & MINING
T. 13 S.

FORMATION LEGEND:

Quaternary	Qal Alluvium Undifferentiated	Tertiary and Cretaceous	TKln Flagstaff Limestone and North Horn Formation
	Ql Landslide Deposits		
	Qsw Slope-wash Deposits		
Holocene to Miocene(?)	QTpm Pediment Mantle	Cretaceous	Kpr Price River Formation
			Kc Castlegate Sandstone
Tertiary	Tgm Middle Member		Kbh Blackhawk Formation
	Tgl Lower Member		Kmbg Main Body of the Blue Gate Member
	Tc Colton Formation		

Refer to Map 6-1A for cross-section.

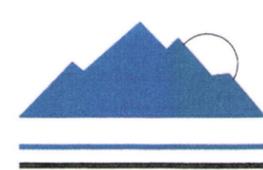
I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



WEST RIDGE MINE
Map 6-1
Regional Geology Map

LEGEND:

	Permit Boundary
	Federal Lease
	State Lease
	Penta Creek Fee
	Surface Facility Area
	GVH Site
	Fault



WEST RIDGE
RESOURCES, INC.

SCALE: 1"=2500'

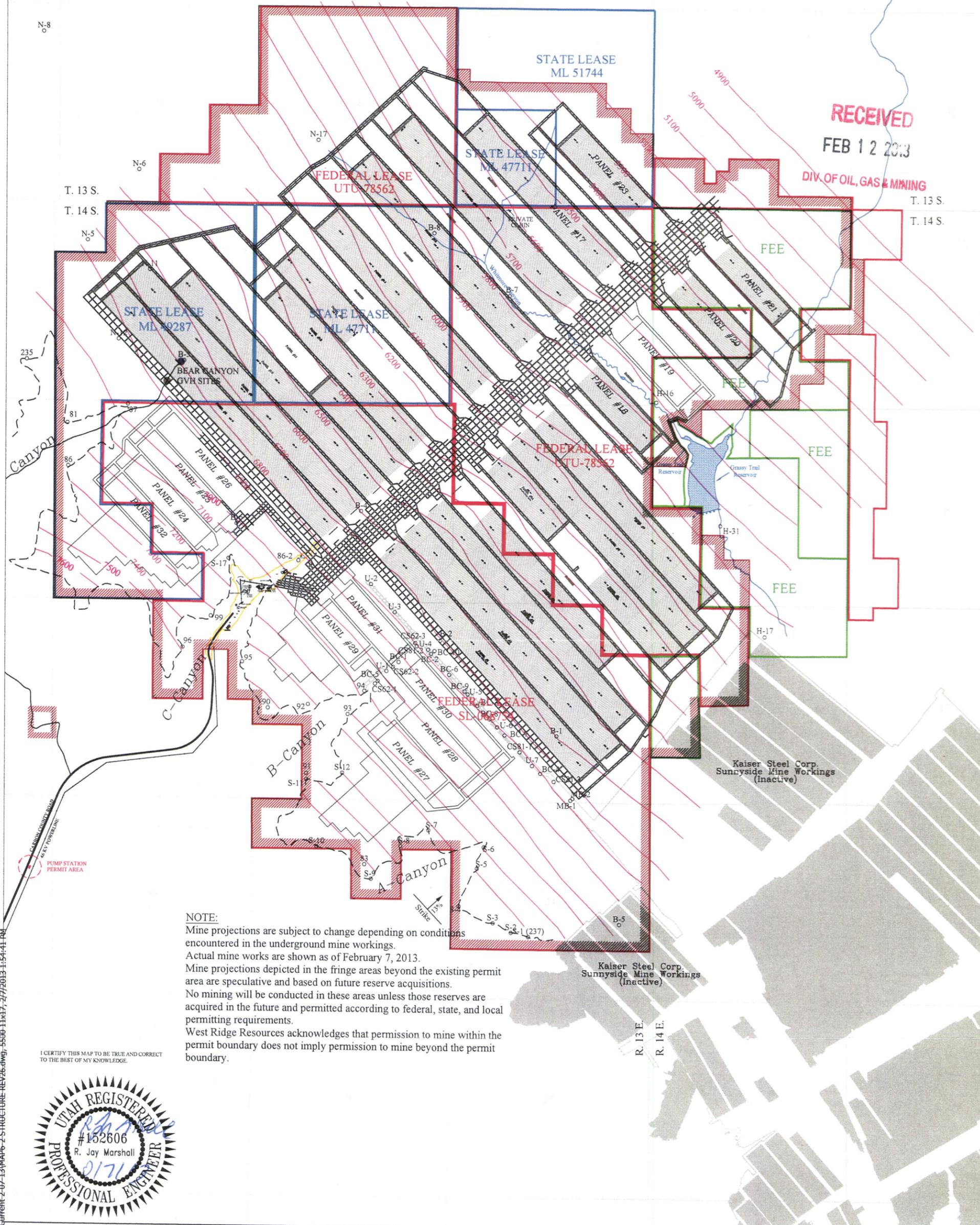
G:\Current Drawings\MRP Maps\West Ridge Mine\Current-2-07-13\Map6-1 GEOLOGY REV23.dwg; 5560-11x17-27/2013 12:03:35 PM

R. 13 E.
R. 14 E.

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T. 13 S.
T. 14 S.



NOTE:
 Mine projections are subject to change depending on conditions encountered in the underground mine workings.
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 No mining will be conducted in these areas unless those reserves are acquired in the future and permitted according to federal, state, and local permitting requirements.
 West Ridge Resources acknowledges that permission to mine within the permit boundary does not imply permission to mine beyond the permit boundary.

I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

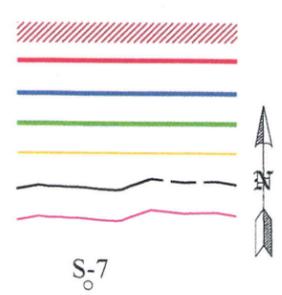


WEST RIDGE MINE

Map 6-2

Coal Seam Structure Map

- LEGEND:**
- Permit Boundary
 - Federal Lease
 - State Lease
 - Penta Creek Fee
 - Surface Facility Area
 - Outcrop
 - Structure Contour
(Base of Lower Sunnyside Seam)
 - Drill Hole/Channel Samples



WEST RIDGE
RESOURCES, INC.

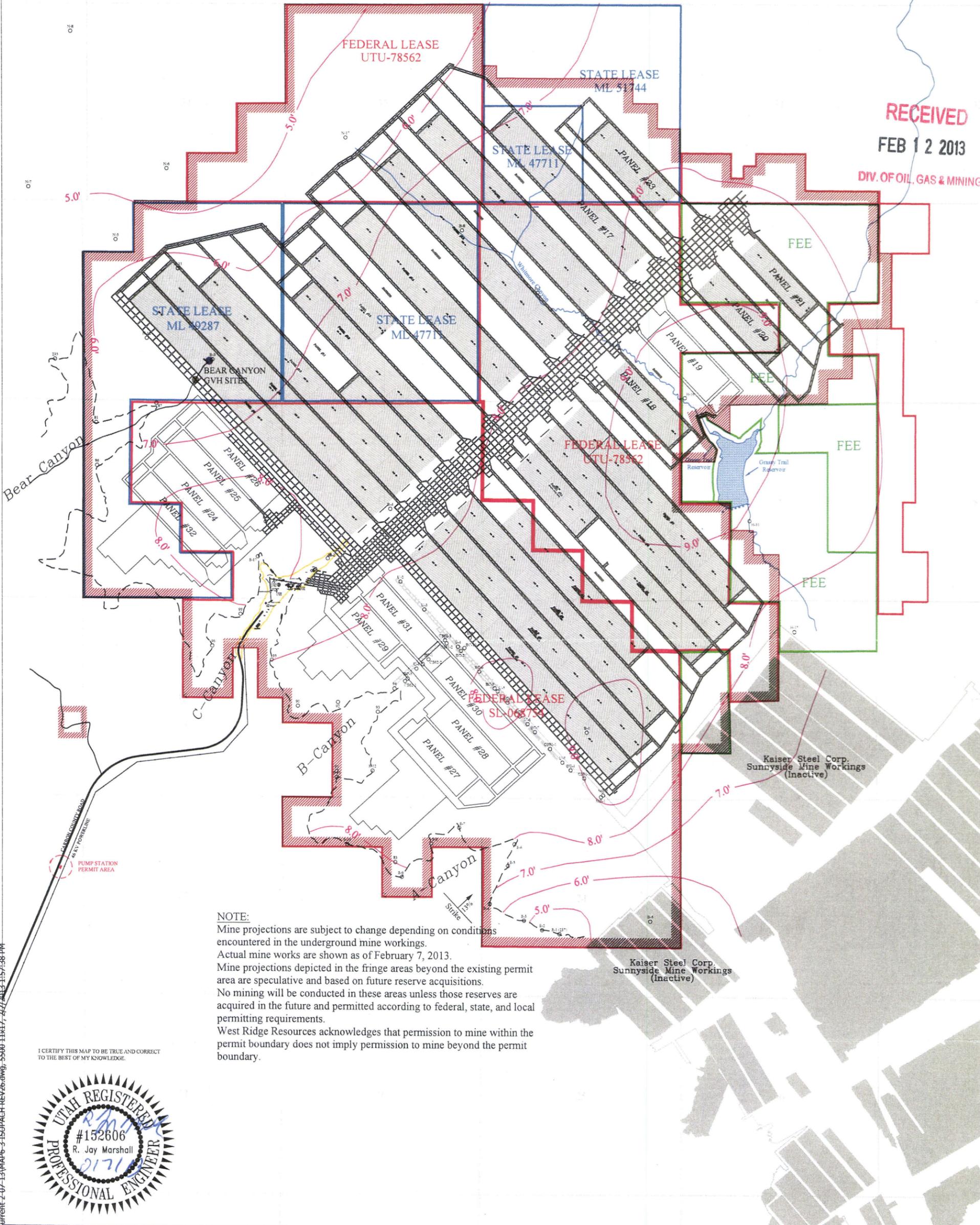
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NOTE:
 Mine projections are subject to change depending on conditions encountered in the underground mine workings.
 Actual mine works are shown as of February 7, 2013.
 Mine projections depicted in the fringe areas beyond the existing permit area are speculative and based on future reserve acquisitions.
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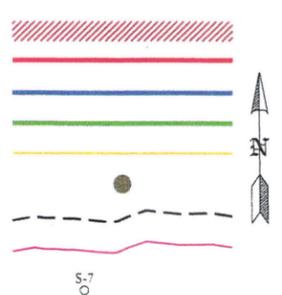
I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



WEST RIDGE MINE
Map 6-3
Lower Sunnyside Coal Seam
Isopach Map

DATE: 2-07-13 REV: 26 ACAD REF: MAP6-3 ISOPACH REV26

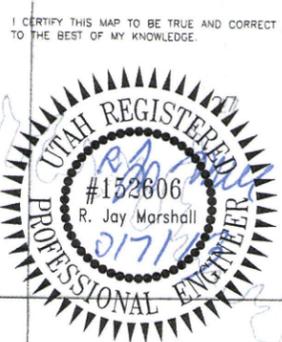
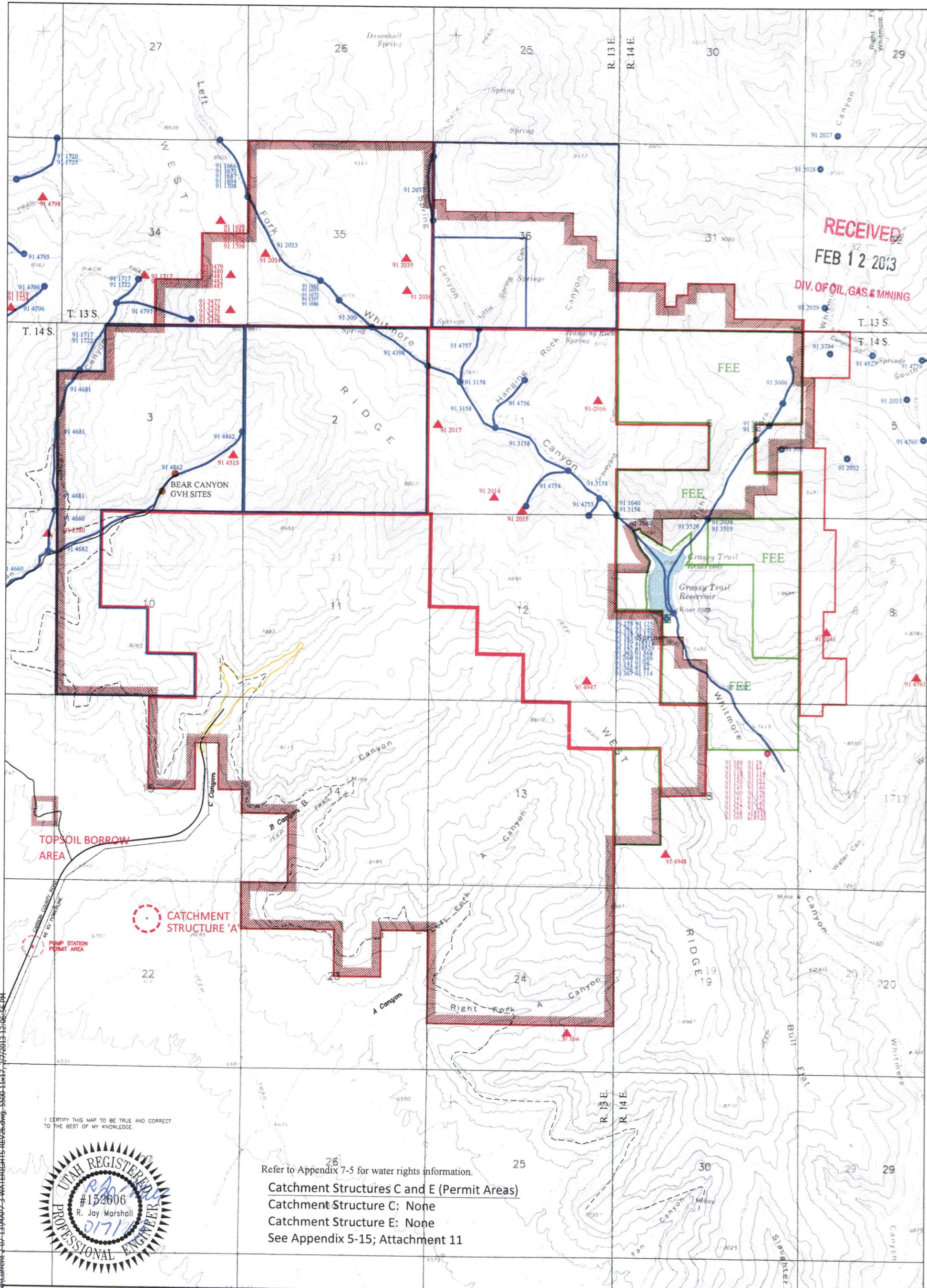
- LEGEND:**
- Permit Boundary
 - Federal Lease
 - State Lease
 - Penta Creek Fee
 - Surface Facility Area
 - GVH Site
 - Outcrop
 - Coal Isopachs
 - Drill Hole/Channel Samples



SCALE: 1"=2500'

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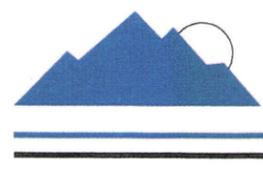
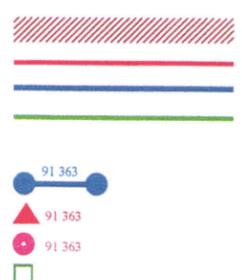
Refer to Appendix 7-5 for water rights information.
Catchment Structures C and E (Permit Areas)
 Catchment Structure C: None
 Catchment Structure E: None
 See Appendix 5-15; Attachment 11

WEST RIDGE MINE

Map 7-3

Water Rights

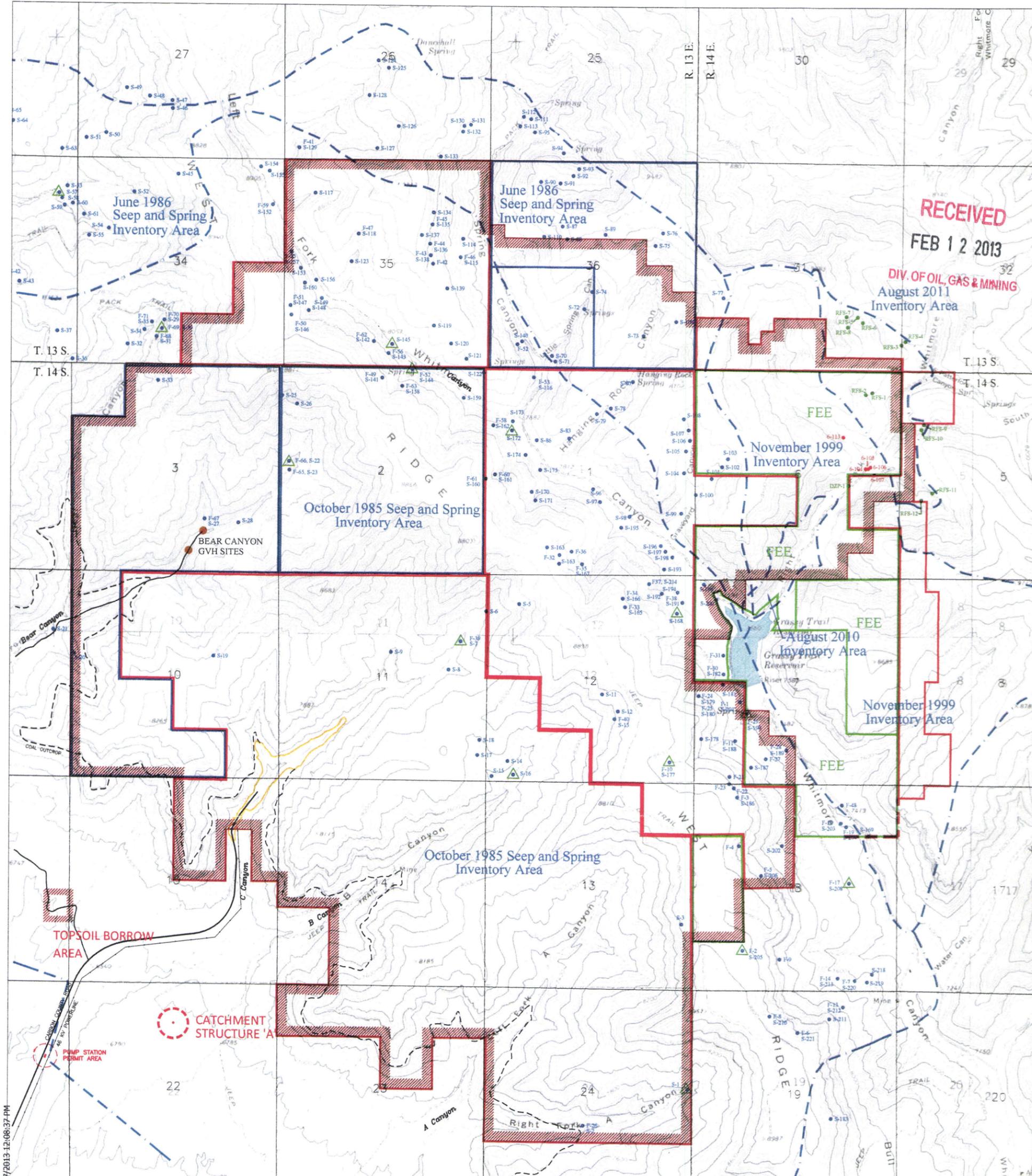
- LEGEND:**
- Permit Boundary
 - Federal Lease
 - State Lease
 - Penta Creek Fee
 - Surface Water Right:
 - Point to Point
 - Spring
 - Ground Water Right
 - Municipal Water System Intake



WEST RIDGE
 RESOURCES, INC.

SCALE: 1"=2500'

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August 2011 Inventory Area

November 1999 Inventory Area

August 2010 Inventory Area

November 1999 Inventory Area

October 1985 Seep and Spring Inventory Area

June 1986 Seep and Spring Inventory Area

June 1986 Seep and Spring Inventory Area

October 1985 Seep and Spring Inventory Area

BEAR CANYON GVH SITES

TOPSOIL BORROW AREA

CATCHMENT STRUCTURE 'A'

Catchment Structures C and E (Permit Areas)
Catchment Structure C: None
Catchment Structure E: None
See Appendix 5-15; Attachment 11



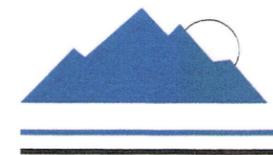
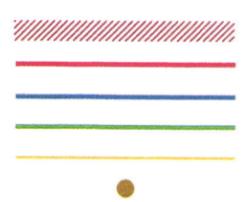
SEEP AND SPRING LEGEND	
	Seep and Spring Inventory Boundary
	Location of Seep or Spring, October 1985
	Location of Seep or Spring, June 1986
	Spring Monitoring Station (1985-1989)
	Location of Seep or Spring, Nov. 1999
	Location of Seep or Spring, Aug. 2011

WEST RIDGE MINE

Map 7-5

Seep/Spring Survey Map

LEGEND:
 Permit Boundary
 Federal Lease
 State Lease
 Penta Creek Fee
 Surface Facility Area
 GVH Site



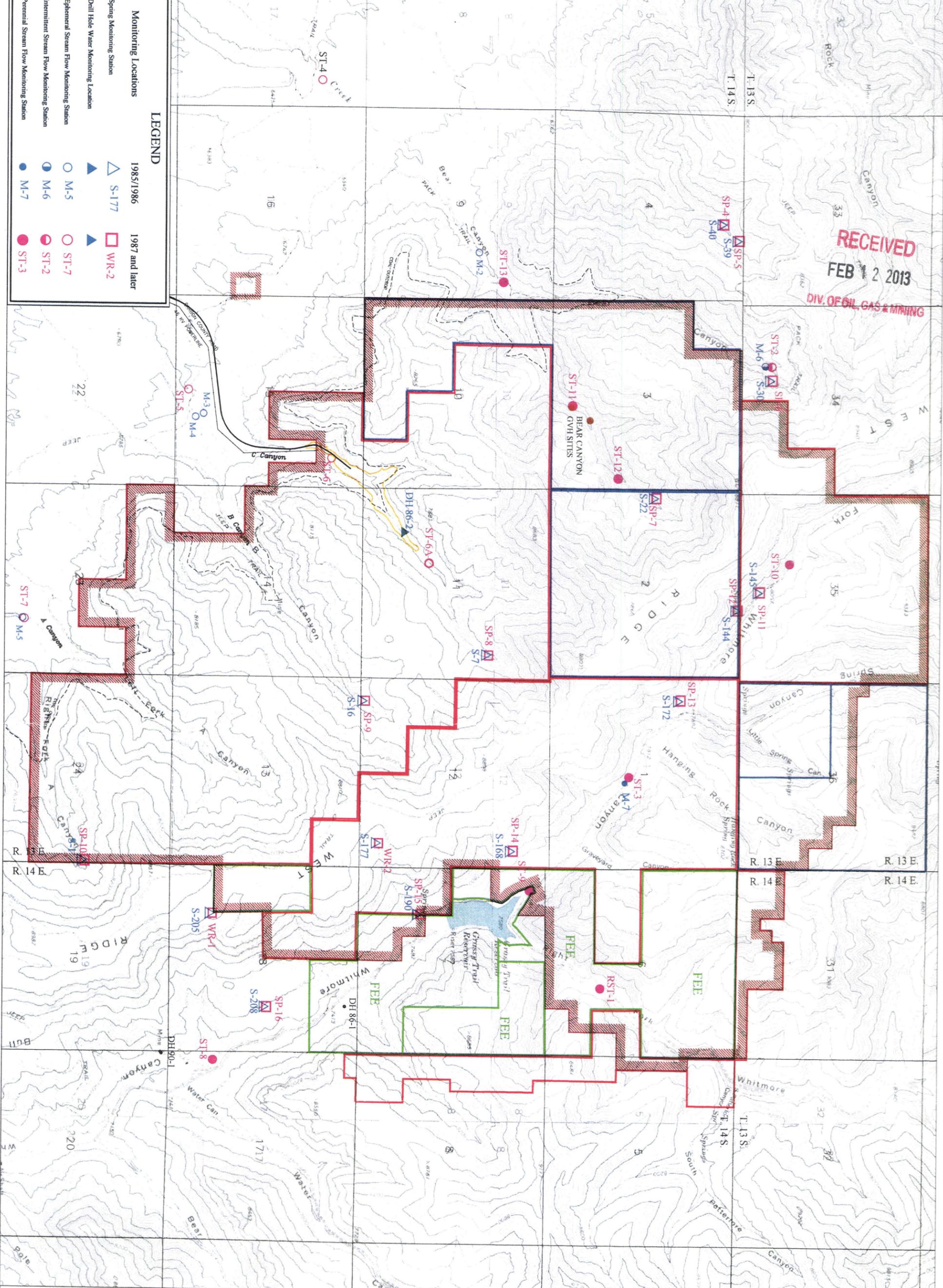
WEST RIDGE
RESOURCES, INC.

SCALE: 1"=2500'

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LEGEND

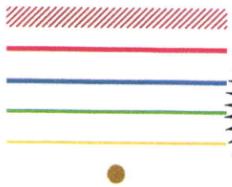
1985/1986		1987 and later	
Spring Monitoring Station	△ S-177	Perennial Stream Flow Monitoring Station	◻ WR-2
Drill Hole Water Monitoring Location	▲	Intermittent Stream Flow Monitoring Station	● M-6
Ephemeral Stream Flow Monitoring Station	○ M-5	Perennial Stream Flow Monitoring Station	● M-7
Intermittent Stream Flow Monitoring Station	○ M-6		
Perennial Stream Flow Monitoring Station	○ M-7		



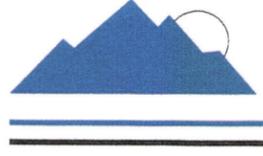
WEST RIDGE MINE
Map 7-6
Hydrologic Monitoring Map
(Historical Monitoring Locations)

DATE: 2-07-13 REV: 28 ACAD REF: MAP7-6 MONITOR-HIS REV28

LEGEND:
 Permit Boundary
 Federal Lease
 State Lease
 Penta Creek Fee
 Surface Facility Area
 GVH Site



I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



WEST RIDGE
 RESOURCES, INC.

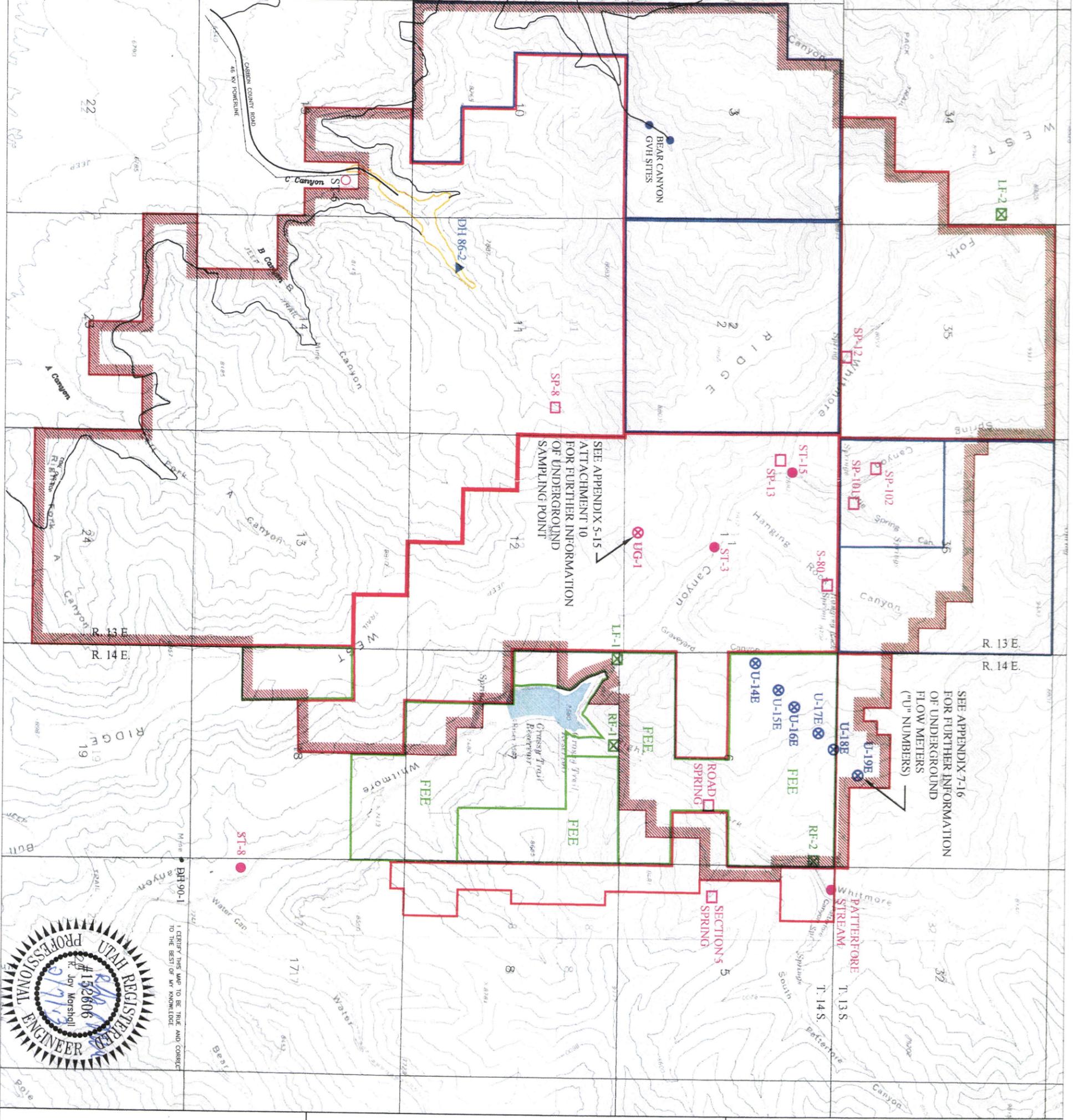
SCALE: 1"=2500'

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LEGEND

Operational Monitoring Locations

- Spring Monitoring Station □ WR-2
- Drill Hole Water Monitoring Location ▲ DH 86-2
- Ephemeral Stream Flow Monitoring Station ○ ST-5
- Intermittent Stream Flow Monitoring Station ● ST-8
- Flume Monitoring Station (Owned by East Carbon City) ⊠ RF-2
- Underground Flow Meter ⊗ U-14E



SEE APPENDIX 5-15
 FOR FURTHER INFORMATION
 OF UNDERGROUND
 SAMPLING POINT

SEE APPENDIX 7-16
 FOR FURTHER INFORMATION
 OF UNDERGROUND
 FLOW METERS
 ("U" NUMBERS)



I CERTIFY THIS MAP TO BE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

WEST RIDGE MINE
Map 7-7
Operational Monitoring Locations

DATE: 2-07-13 REV: 31 ACAD REF: MAP7-7 MONITOR-OP REV31

LEGEND:

- Permit Boundary ▨
- Federal Lease —
- State Lease —
- Penta Creek Fee —
- Surface Facility Area —
- GVH Site ●

North Arrow

WEST RIDGE
 RESOURCES, INC.

SCALE: 1" = 2500'

