State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

November 3, 2017

Howard Strand, Field Branch Manager
Office of Surface Mining
1999 Broadway, Suite 3320
Denver, CO 80202-3050

Subject: Post Mining Land Use Change and Revision of MRP to Remove Gob Vent Hole Project (GVH Project), West Ridge Resources, Inc., West Ridge Mine, C/007/0041, Task #5464

Dear Mr. Strand:

Enclosed is the Division's Decision Document for the Post Mining Land Use Change and Removal of the GVH Project consisting of a total of .36 acres at the West Ridge Resources, Inc., West Ridge mine. West Ridge Resources, Inc. has requested release of the Gob Vent Hole Project in order to sell and operate the facilities as a commercial methane destruction project. The Company is asking for a release from the reclamation bond obligations only and is currently not requesting a reduction in the bond amount.

The Division finds that West Ridge Resources, Inc. has met the regulatory requirements for the PMLU Change/Revision to remove the GVH Project and recommends approval. We request the Office of Surface Mining's concurrence with this determination. A copy of the inspection report is included in this package along with the documentation of events. Please provide your determination at your earliest convenience.

Thank you for your help during this process. If you have any questions, please feel free to call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
O:\007041.WR\WG5464 PMLU\Dec Package\Letter to OSM.doc

UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT

For

Post Mining Land Use Change and .36 acre Release of GVH Project
West Ridge Resources, Inc.
West Ridge Mine
C/007/0041
Carbon County, Utah

November 3, 2017

CONTENTS

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* Background
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* Letter from SITLA recommending the project

ADMINISTRATIVE OVERVIEW

West Ridge Resources, Inc.
West Ridge Mine
C/007/0041
Carbon County, Utah

November 3, 2017

ACTION

West Ridge Resources, Inc. made application to the Division of Oil, Gas and Mining for a Change in Post Mining Land Use/Remove Gob Vent Hole Project on .36 acres. The post-mining land use will be changed from wildlife, grazing and recreation to an industrial use to facilitate the destruction of methane. No bond money will actually be released. The area will be granted Phase III bond release and West Ridge Resources, Inc. will be released from further reclamation liability on this .36 acre site.

BACKGROUND

West Ridge Resources, Inc. (Andalex Resources, Inc. and Intermountain Power Agency) permitted this underground mining operation (West Ridge Mine) in Carbon County, Utah approximately 10 miles north of Sunnyside, Utah in April 1999. The permit area is located on the east side of the Price River drainage basin at the western edge of the Book Cliffs at an elevation ranging from 6,800 feet at the mouth of C Canyon to over 8,800 feet on the top of West Ridge. The mine is located on federal and state owned land leased by the applicant. Previous mining in the area consisted primarily of small exploration type projects starting in the mid-1950's and extending into the 1980's.

The initial SMCRA permit was issued on April 1, 1999. Mining occurred in the Lower Sunnyside coal seam using longwall mining methods. Continuous miners were used mainly for mine development to support the longwall. The total future recoverable reserves at this mine are very limited (approximately 200,000 tons) as most of the coal has already been mined and most of the remaining reserves are under too deep of cover. It is anticipated that mining will wrap up at this site within the next few years.

The land surface of the permit area consists of rugged, southwest-facing cliffs, which are deeply dissected by steep ephemeral drainages. Pre-mining land use of the West Ridge mine area includes grazing, wildlife habitat, coal mining and recreational activities such as hunting. No agricultural activities have been conducted in or around the proposed permit area. Mining in the Book Cliffs area is difficult due to the deep cover and the presence of methane gas. Wells or gob vent holes (GVHs) were drilled into the mine in an effort to vent the methane and provide safer mining conditions.

From 2008 to 2013, the WRR operated the GVH Project under the MRP pursuant to approvals from the Division and DAQ. WRR constructed, installed, and operated five (5) GVHs, four (4) 190 hp MEUs, and associated equipment and infrastructure (collectively, "GVH Facilities") to extract and vent CMM from the Mine for the safety of the underground workforce ("GVH Operations"). The GVH Operations were part of the Mine and regulated by the Division as coal mining and reclamation operations under the Utah Coal Program.

In the first quarter of 2016, WRR suspended mining operations at the Mine due primarily to market conditions. As of the date of this Application, the Division has classified the Mine as being in "temporary cessation" under the Utah Coal Program.

West Ridge Resources, Inc. ("WRR"), submitted this Application to the Utah Department of Natural Resources, Division of Oil, Gas and Mining ("Division"), requesting approval of an alternative postmining land use for the Gob Vent Hole ("GVH") Project used to vent coal mine methane ("CMM") from the Mine. WRR and ANDALEX have entered into an agreement to sell the GVH Project to Global Carbon Strategies Corporation ("GCS"), a Colorado corporation authorized to transact business in Utah. The sale is conditioned on the Division's approval of an alternative postmining land use for the GVH Project. GCS proposes to modify the GVH Project and operate the facilities as a commercial CMM destruction project independent from the Mine's coal mining and reclamation operations ("ER Project"). The GVH Project will be removed from the Mine's MRP and the Utah Coal Program. GCS will post a reclamation bond with the School and Institutional Trust Lands Administration ("SITLA"), and will be subject to the jurisdiction of: (i) SITLA under a Limited Methane Lease, dated September 1, 2017, No. M.L. 53402 – OBA, ("SITLA Methane Lease" or "Lease") and a plan of operations and reclamation ("Plan of Operations") approved by SITLA; (ii) the Utah Department of Environmental Quality's Division of Air Quality ("DAQ") under the terms and conditions of an Approval Order that will authorize GCS to operate the ER Project consisting of an enclosed flare system or methane destruction device ("MDD") and associated methane extraction units (MEUs); and (iii) a Conditional Use Permit ("CUP") issued by Carbon County for ER Project operations, which will include provisions for the maintenance and upgrading of Bear Canyon Road, the primary access to the main facility area.

SUMMARY OF FINDINGS

The application was advertised for four consecutive weeks. No comments were received. A bond release inspection was conducted on September 26, 2017. No problems were identified. The technical analysis has been completed with no remaining deficiencies. The change in the post-mining land use is considered to be a higher and better use and is requested by the land owner (SITLA). There is a reasonable likelihood for the achievement of the use, the use does not present any actual or probable hazard to public health or safety, or threat of water diminution or pollution. The use is not impractical or unreasonable and is consistent with applicable land-use plans.

RECOMMENDATION

West Ridge Resources, Inc. has completed the requirements for a post-mining land use change to industrial for the .36 acre area at the Bear Canyon Gob Vent Hole site. The site has

been left in a condition suitable for achieving the proposed land use. The Phase III bond release should be approved by the Division and West Ridge Resources, Inc. will be released from further reclamation liability at the site. The Permittee has not applied for any reduction in the bond amount, only a reduction in the area of permit liability in the amount of .36 acres.

CHRONOLOGY

West Ridge Resources, Inc.
West Ridge Mine
C/007/0041
Carbon County, Utah

November 3, 2017

June 14, 2017	West Ridge Resources, Inc. submits application for Alternative PMLU/Remove GVH Project.
July 18, 2017	Application is considered to be administratively complete.
July 19, 2017	Division notifies other federal, state and local agencies.
August 29, 2017	West Ridge Resources, Inc. submits necessary updates to the application.
September 26, 2017	Division invites the agencies to collaborate and participate in the Bond Release Inspection.
September 12, 19, 26, and October 2, 2017	Published in the Sun Advocate s for four consecutive weeks.
October 24, 2017	West Ridge Resources, Inc. submits necessary updates to the application.
November 2, 2017	End of public comment period and no comments received.
November 3, 2017	The Division recommends approval.

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State of Utah
DEPARTMENT OF NATURAL RESOURCES
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Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Technical Analysis and Findings

Utah Coal Regulatory Program

November 2, 2017

PID: C0070041
TaskID: 5464
Mine Name: WEST RIDGE MINE
Title: REMOVE GVH PROJECT/ALTERNATIVE PMLU

General Contents

Right of Entry

Analysis:

The amendment meets the State of Utah R645 requirements for Right of Entry.

The Permittee proposes the complete removal of the Gob Vent Holes (GVH) from the current MRP in order to facilitate a sale of the GVH Project to Global Carbon Strategies Corporation. This transaction is conditioned on the approval from the Division for an alternative postmining land use.

A previous deficiency pointed out that in Table 1-7 of the Right of Entry Information it stated that the total disturbed area was 31.24 acres. But that total was taking into account the 0.36 acres for the Gob Vent Holes which are supposed to be removed from the permit. The Permittee has since removed the 0.36 acres of proposed GVH disturbed acreage, and the total corrected acreage now stands at 30.88.

jeatchel

Maps and Plans

Analysis:

The amendment meets the State of Utah R645 requirements for Maps and Plans.

The Permittee proposes the complete removal of the Gob Vent Holes (GVH) from the current MRP in order to facilitate a sale of the GVH Project to Global Carbon Strategies Corporation. This transaction is conditioned upon approval from the Division for an alternative postmining land use. This necessarily requires that the Permittee delete all implications of ownership and jurisdiction throughout the entirety of the MRP.

Previously, during the time that West Ridge Resources was actively producing coal from the West Ridge Mine, they were leasing the surface and subsurface rights from several different entities. In the area where the GVH site is located, West Ridge Resources was leasing the surface and sub-surface rights from SITLA. These leases will eventually be transferred to GCS.

The maps submitted in this amendment have been altered to reflect the removal of 0.36 acres containing the Gob Vent Holes from within WRR's Permit Area. Specifically, 1-0 Permit, 1-1 Location, and 4-1 Existing Land Use maps have all been changed to illustrate the proposed changes to the permit.

jeatchel

Environmental Resource Information

Probable Hydrologic Consequences Determination

Analysis:

The amendment meets the State of Utah R645 requirements for Probable Hydrologic Consequences Determination.

The Permittee had initially proposed the deletion of portions of the Probable Hydrologic Consequences (PHC) determination in section R645-301-728. The text identified for deletion discusses the probable hydrologic consequences of coal mining and reclamation activity in the Bear Canyon drainage. As the Bear Canyon drainage was extensively mined during active operations of the West Ridge Mine (See Map 5-4a, Mining Projections), the information presented on pages 7-24 thru 7-26 that discusses potential hydrologic impacts in Bear Canyon as a result of mining are still germane and required per R645-301-728. As indicated in the text proposed for deletion, "The canyon is unique because it is within the right fork of this drainage that the cover over the longwall subsidence zone is the shallowest of anywhere in the entire permit area". The proposed removal of the GVH facility from the West Ridge Mine MRP does not necessitate the removal of this section of the PHC determination. The Permittee has re-established the aforementioned language in the PHC.

schriste

Operation Plan

Air Pollution Control Plan

Analysis:

The Alternate Postmining Land-Use amendment meets the State of Utah R645 requirements for the Air Pollution Control Plan at R645-301-420. In March of 2017 Utah American Energy submitted an application to DEQ to have their air quality permit separated into two permits, one for coal operations and one for degasification. Once UEI and GCS complete the slaes agreement DEQ will move forward with the approval the degasification permit to include flaring methane. SITLA will be the responsible entity for ensuring that GCS has approval from DEQ's air quality division to flare the methane as they are the surface management agency.

jhelfric

Hydrologic General

Analysis:

The amendment meets the State of Utah R645 requirements for General Hydrologic Information requirements.

The Permittee is proposing to remove the gob gas vent hole facility (GVH) in its entirety from the West Ridge Mining and Reclamation Plan (MRP). In terms of the revisions to the hydrologic information contained in the approved MRP, the Permittee has simply deleted all references to the GVH facility within the main text of Chapter 7, all supporting reports and calculations related to the GVH facility and have removed the depiction of the GVH facility from all of the hydrology maps in which it was depicted.

Appendix 7-11, Bear Canyon Gob Vent Hole Hydrology Report and Appendix 7-12, Bear Canyon Drainage Control Plan will be removed from the MRP. Appendix 7-11 is the probable hydrologic consequences determination (PHC). Appendix 7-12 is the drainage control plan. As the GVH facility will be removed with this amendment, it follows that these appendices and the information therein would no longer be required for inclusion in the MRP. However, the more generalized PHC discussion of the Bear Canyon drainage contained in the main text must be maintained in the MRP.

The Permittee has revised all hydrology maps that depicted the location of the GVH facility. The following maps were revised: Map 7-3 Water Rights, Map 7-5 Seep/Spring Survey Map, Map 7-6 Hydrologic Monitoring Map (Historical Monitoring Locations), Map 7-7 Operational monitoring Locations and map 7-8 Whitmore Canyon Watershed Map.

schriste

Reclamation Plan

General Requirements

Analysis:

The Alternate Postmining Land-Use amendment meets the State of Utah R645 requirements for the Reclamation Plan at R645-301-231, 233, 322, 323, 331, 333, 341 and 342;

There are no wildlife or vegetation requirements that apply to this permitting action. GCS will retain the surface facilities for flaring methane gas. The area will be bonded for reclamation under the direction of SITLA.

jhelfric

PostMining Land Use

Analysis:

The amendment meets the State of Utah R645 requirements for the Alternate Postmining Land-Use at R645-301-412, 413 and 414;

West Ridge Resources has submitted an application for an alternative postmining land use to remove the gob vent hole project from the West Ridge MRP. The application notes that, *Revisions change text in Chapter 4, as well as eliminate Appendices 5-14 and 5-14a, which describe the GVH Project. WRR has entered into an agreement, dated February 27, 2017, to sell the GVH Project to Global Carbon Strategies Corporation ("GCS"). The sale is conditioned on the Division's approval of an alternative postmining land use for the GVH Project. GCS will modify the GVH Project and operate the facilities as a commercial methane destruction project, independent of any coal mining and reclamation operations. To facilitate its operations, GCS has entered into a lease with the School and Institutional Trust Lands Administration ("SITLA") to allow GCS to use the SITLA owned surface lands to extract and destroy coal mine methane also owned by SITLA. Upon approval of the application for alternative postmining land use by the Utah Division of Oil, Gas and Mining, SITLA will assume responsibility for regulating GCS's project pursuant to the terms of the SITLA lease.* GCS will post a reclamation bond with SITLA and will submit a operation and reclamation plan for approval by SITLA.

At the request by the Division for additional information on highest and best use as described in R645-301-413.120 from Denise Dragoo; Collon Kennedy of GCS provided this infromation on August 17th, 2017. The theory that flaring has less of an impact on ozone than venting methane from gob vent holes holds true when equal volumes of methane are compared. The information presented is somewhat anecdotal and there is no data presented that would accurately quantify the effects of ozone degredation from methane seepage. Given the normal course of analysis and findings this information lacks a quantifiable demonstration of highest and best use for this proposal. Realizing that no matter what the circumstances are the highest and best use determination will be fairly subjective. Given that it is most likely in the best interest of management to make that decision.

jhelfric

Topsoil and Subsoil

Analysis:

The aplication meets the requirements of the Bear Canyon soils reclamation plan performance standards, because SITLA will require a $75,000 reclamation bond to assure proper plugging and abandonment (i.e. reclamation) of the GVH Wells proposed for assignment from West Ridge Resources, Inc to Global Carbon Strategies (correspondence from SITLA to Dana Dean dated 7/10/2017, p. 2).

The soils reclamation plan is described in Appendix 14 and 14A of the MRP. These appendices were adopted by Global Carbon Strategies Corporation (CGS) and incorporated as Exhibit A and Exhibit B in the ER Projects Permits and Approvals (Correspondence from Dave Hibbs 6/8/2017, p. 6 and p. 12, item #3.) The Bear Canyon Gob Vent Hole (GVH) site will be reclaimed in accordance with Exhibits A & B under a reclamation agreement with the State & Institutional Trust Lands Administration (p. 2&3 of correspondence from SITLA to Dana Dean dated 7/10/2017). Reclamation as prescribed by DOGM is referenced in Item 6.4 of the Lease (p. 8, SITLA 7/10/2017). SITLA states that they will hold a $75,000 bond for this purpose (p. 2, SITLA, 7/10/2017).

Item 8, Bonding, of the executed lease describes only a $15,000 bond (p.8 SITLA, 7/10/2017). The referenced $15,000

bond covers lease rentals and payments, not reclamation liability. The executed lease does not include the bond required for the described reclamation. However "R645-301-820.100 provides the direction for when a bond must be posted. Essentially, the application can be approved and then the bond is posted before a permit is issued. In this case, we most likely will approve the application and then GCS will need to post the replacement bond with SITLA before we release the Murray Energy bond." (personal communication from D. Haddock, 10/16/2017).

pburton

Bonding Determination of Amount

Analysis:

The amendment meets the State of Utah R645 requirements for Determination of Bonding Amount.

The Permittee proposes the complete removal of the Gob Vent Holes (GVH) from the current MRP in order to facilitate a sale of the GVH Project to Global Carbon Strategies Corporation. This transaction is conditioned on the approval from the Division for an alternative postmining land use. This necessarily requires that the Permittee delete all implications of ownership and jurisdiction throughout the entirety of the MRP.

The narrative throughout the amendment makes it clear that the GVH Project will be completely turned over to Global Carbon Strategies Corporation. Narrative in the bonding section clarifies that the bond has been altered to reflect removal of the gob gas vent holes from the permit.

jeatchel

Bonding Determination of Amount

Analysis:

R645-303-323 Transfer, Assignment or Sale of Permit Rights Obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations, as required under R645-301-800.

R645-301-800 The GVH Project/Alternative PMLU meets the Determination of Bond Amount and is recommended for approval. The permittee has shown that they are providing SITLA $75,000 bond for reclamation of the GVH sites. This amount is sufficient for reclamation of the current GVH's in the MRP, and includes the addition of equipment that is to be added after the sale. The Division will remove the GVH from the current bonding calculations. The amount has not been provided to the Division at this time. If no amount is provided we will adjust according to our specifications in the bonding details.

bwiser

CHIA

CHIA

Analysis:

The amendment meets the State of Utah R645 requirements for Cumulative Hydrologic Impact Assessment.

The removal of the GVH facility does not require a revision to the currently approved Cumulative Hydrologic Impact Assessment (CHIA).

schriste

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State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	**C0070041**
Inspection Type:	BOND RELEASE
Inspection Date:	Tuesday, September 26, 2017
Start Date/Time:	9/26/2017 11:00:00 AM
End Date/Time:	9/26/2017 1:30:00 PM
Last Inspection:	

Representatives Present During the Inspection:	
Company	Karin Madsen
OGM	Daron Haddock
OGM	Joe Helfrich
OGM	Justin Eatchel

Inspector: Joe Helfrich,

Weather: sunny cool 60

InspectionID Report Number: 5961

Accepted by: DHADDOCK
10/17/2017

Permitee: **WEST RIDGE RESOURCES**
Operator: **WEST RIDGE RESOURCES**
Site: **WEST RIDGE MINE**
Address: **PO BOX 910, EAST CARBON UT 84520-0910**
County: **CARBON**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **INACTIVE**

Current Acreages

8,080.58	**Total Permitted**
31.24	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] Federal
- [x] State
- [ ] County
- [ ] Fee
- [ ] Other

Types of Operations

- [x] Underground
- [ ] Surface
- [ ] Loadout
- [ ] Processing
- [ ] Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a phase III bond release inspection of the Bear Canyon GVH site located in the SW1/4 of the SE/14 of Section 3, Township 14 south, Range 13 East. State Lease #ML49287.
Additional attendees included Tyson Todd Resource Specialist from SITLA, Todd Thorne Carbon County Director of Planning, Gary Green Independent Contractor for Liberty Energy and Collon Kennedy, Esq. from Global Carbon Strategies Corporation.

Inspector's Signature:

Joe Helfrich,
Inspector ID Number: 1

Date Tuesday, September 26, 2017

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

UTAH DNR OIL, GAS & MINING

Permit Number: C0070041
Inspection Type: BOND RELEASE
Inspection Date: Tuesday, September 26, 2017

Inspection Continuation Sheet

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	☑	☐	☑	☐
2. Signs and Markers	☐	☐	☐	☐
3. Topsoil	☑	☐	☑	☐
4.a Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☐	☐	☐	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☑	☐
4.d Hydrologic Balance: Water Monitoring	☐	☐	☐	☐
4.e Hydrologic Balance: Effluent Limitations	☐	☐	☐	☐
5. Explosives	☐	☑	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☑	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☐	☑	☐	☐
8. Noncoal Waste	☑	☐	☑	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☐	☐	☐	☐
10. Slides and Other Damage	☐	☐	☐	☐
11. Contemporaneous Reclamation	☐	☑	☐	☐
12. Backfilling And Grading	☑	☐	☑	☐
13. Revegetation	☑	☐	☑	☐
14. Subsidence Control	☐	☐	☐	☐
15. Cessation of Operations	☐	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☐	☐	☐	☐
16.b Roads: Drainage Controls	☑	☐	☑	☐
17. Other Transportation Facilities	☐	☐	☐	☐
18. Support Facilities, Utility Installations	☑	☐	☑	☐
19. AVS Check	☐	☐	☐	☐
20. Air Quality Permit	☐	☐	☐	☐
21. Bonding and Insurance	☑	☐	☑	☐
22. Other	☐	☐	☐	☐

1. Permits, Change, Transfer, Renewal, Sale

Task # PostMining Landuse change is currently under review by the division. Rather than plug the wells and reclaim the site, Global Carbon Strategies plans to utilize the site as a carbon capture facility where methane will be extracted from the mine and then destroyed by flaring. This will be an industrial post mining land use. SITLA has a lease with GCS to allow them to operate on the site. The .36 acre area will be removed from the West Ridge permit area.

3. Topsoil

The topsoil stockpile associated with the site was vegetated and stable at the time of the inspection. It also has a sign marking it as topsoil.

4.a Hydrologic Balance: Diversions

Diversion ditches along the perimeter of GVH pad appeared clear of vegetation and other debris. JE

4.c Hydrologic Balance: Other Sediment Control Measures

There are no sediment ponds for this small site. The sediment is contolled by alternative methods, including rock and gravel surfacing and vegetation.

8. Noncoal Waste

The site was clean with no trash.

12. Backfilling And Grading

If the post-miing land-use change is approved SITLA will be the managing agency for backfilling and grading of the site. At present the site is small and mostly just a pad area at the end of the road.

13. Revegetation

If the post-miing land-use change is approved SITLA will be the managing agency for revegetation of the site.

16.b Roads: Drainage Controls

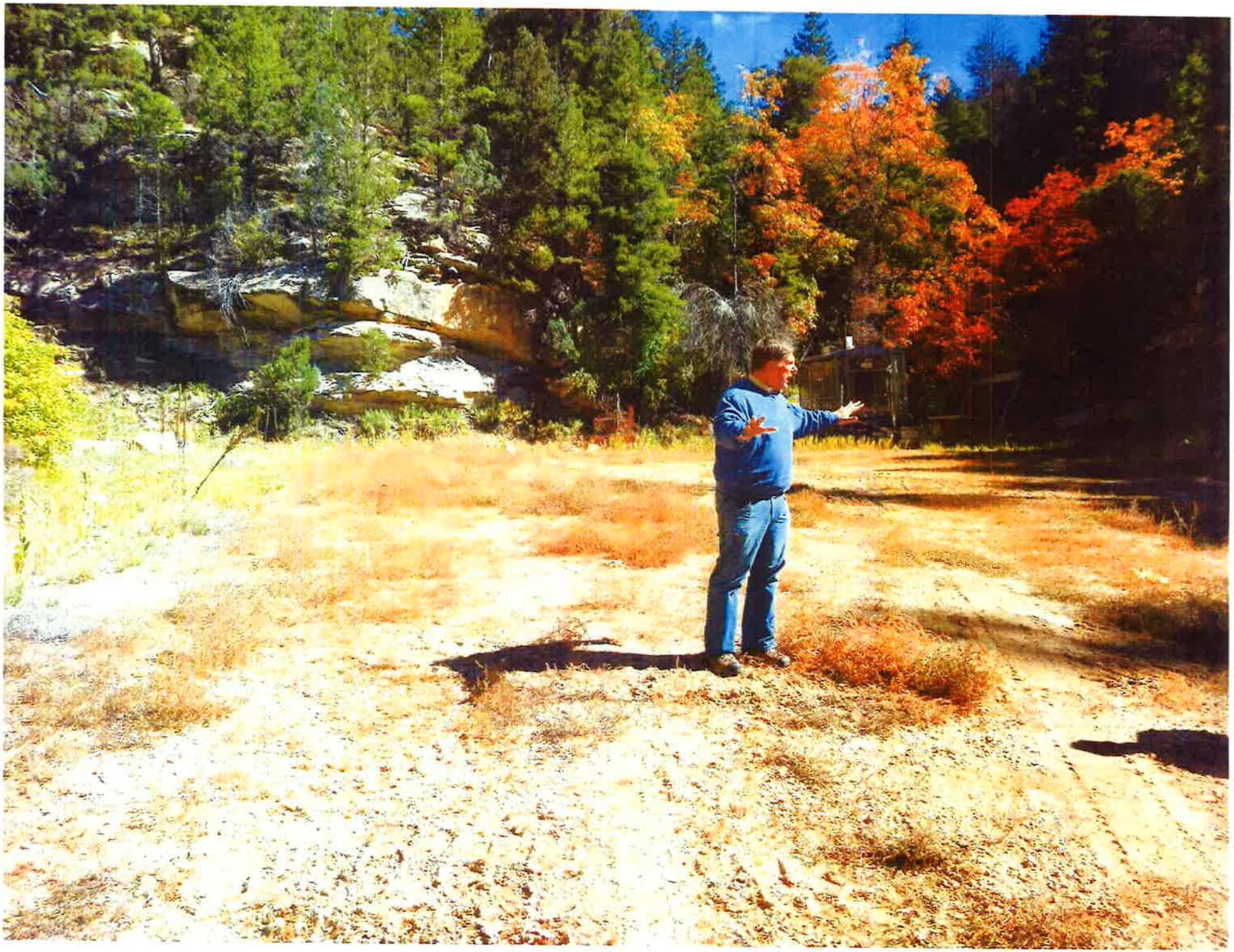
The access road to the site was being repaired at the time of the inspection. Recent precipitation events appeared to have caused a considerable amount of damage to the road. The assigned inspector should follow up on the maintenance efforts to insure that there is no off-site impacts or sediment loading.

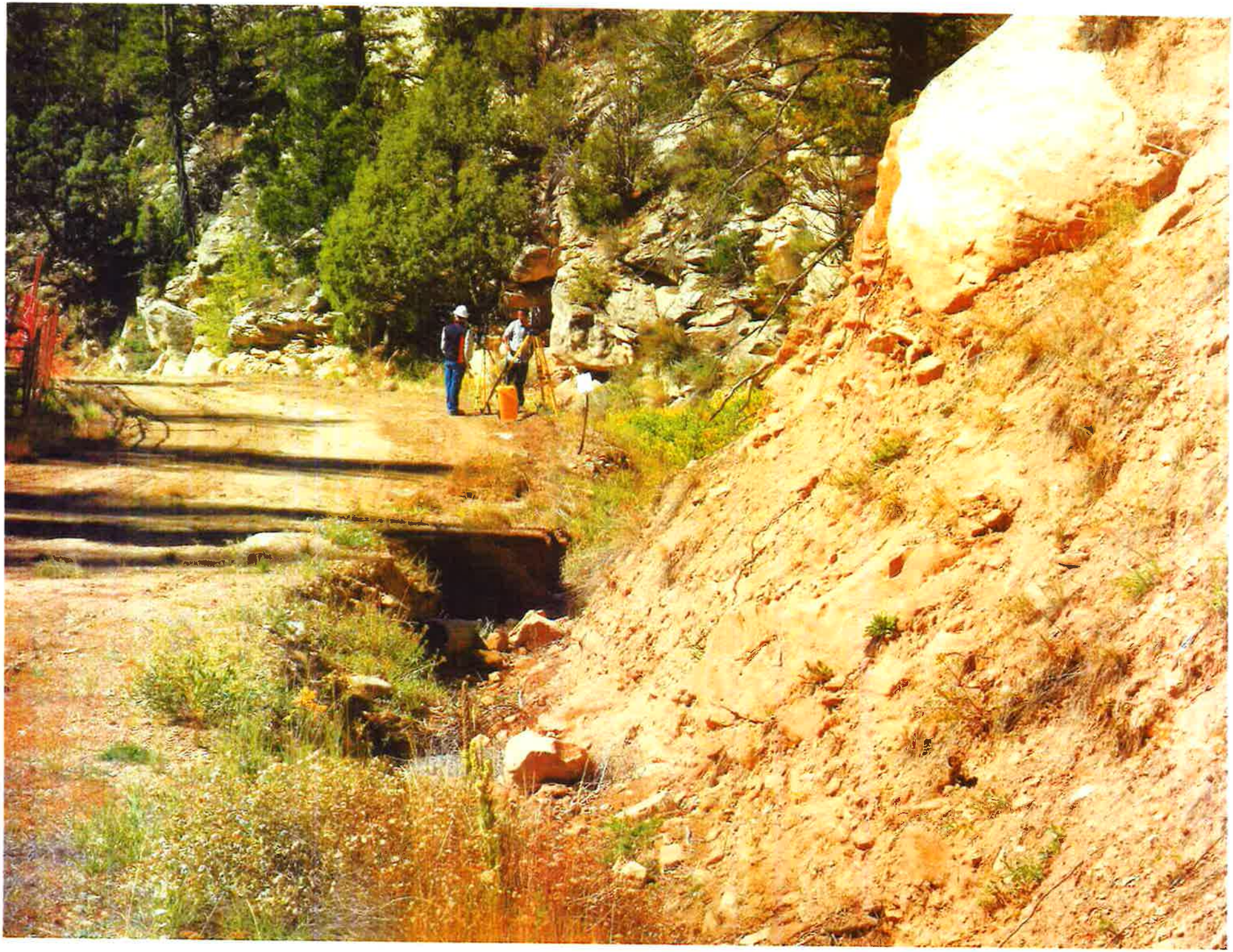
18. Support Facilities, Utility Installations

The site of the wells is covered with various equipment including pumps and tanks and pipes. These were part of the degas project for the mine and are planned to be left for the industrial post-mining land use. Nothing is currently running at the site, but the site is being prepared for the future flaring activity. GCS and West Ridge Resources have a sales agreement where the equipment will belong to GCS.

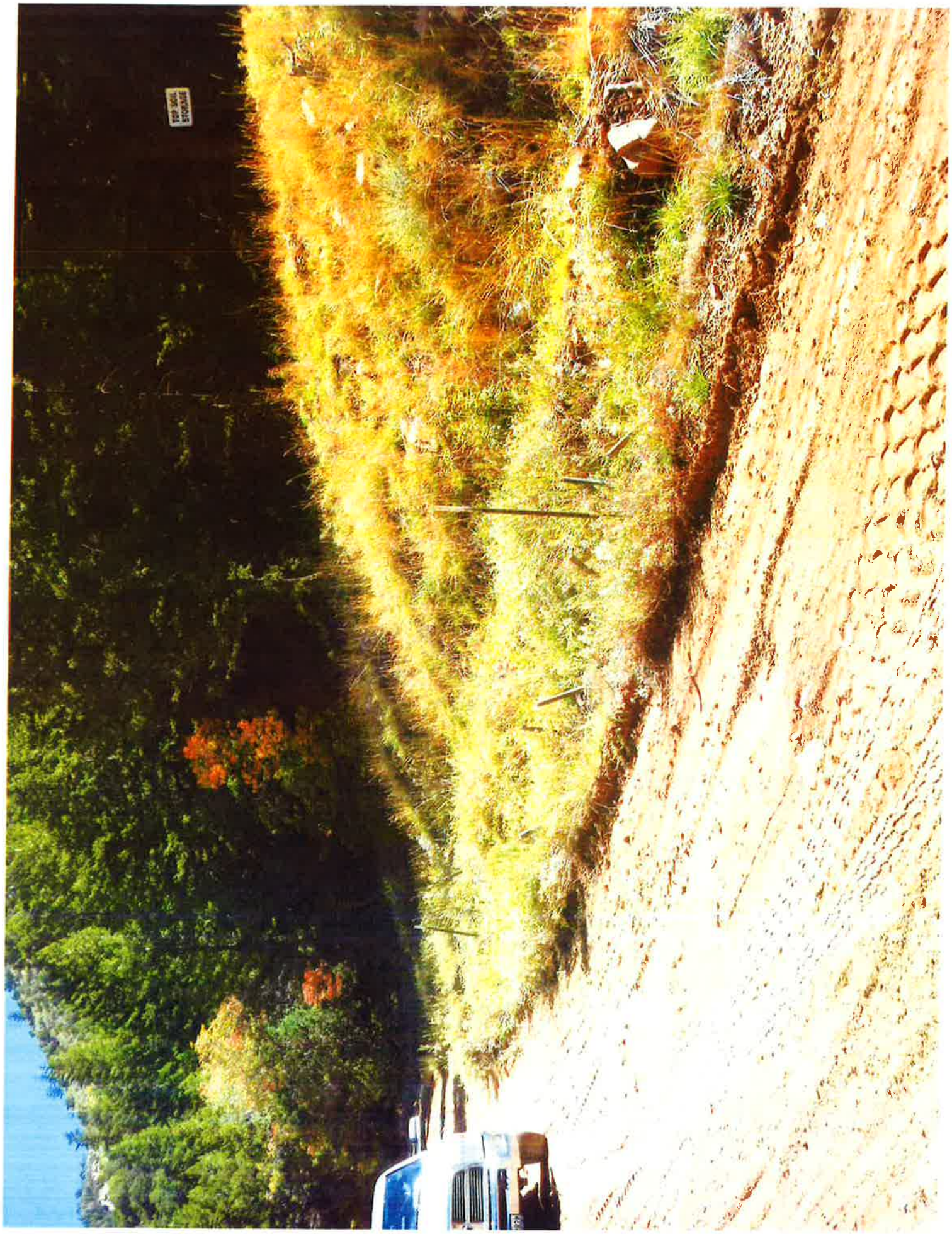
21. Bonding and Insurance

The site is currently bonded for reclamation by West Ridge Resources, but will be bonded by GCS after the approval of the Post Mining land use change and final bond release. GCS has committed to submitting a $75,000 reclamation bond to SITLA.





TOP SOIL
STORAGE


TOP SOIL
STORAGE

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Jenni Fasselin, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State of Utah a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and on the Utah legals.com website, the first publication was on the 12th day of September, 2017, and that the last publication of such notice was in the issue of such newspaper dated the 3rd day of October, 2017

Jenni Fasselin

Jenni Fasselin – Publisher

Subscribed and sworn to before me this 3rd day of October, 2017.

Linda Thayn

Notary Public My commission expires January 10, 2019 Residing at Price, Utah

Publication fee, $ 772.80

LINDA THAYN
NOTARY PUBLIC-STATE OF UTAH
COMMISSION# 680835
COMM. EXP. 01-10-2019

PUBLIC NOTICE
APPLICATION FOR RELEASE OF RECLAMATION LIABILITY AND BOND ASSOCIATED WITH APPLICATION FOR POSTMINE LAND USE
WEST RIDGE RESOURCES, INC.
BOX 910
EAST CARBON, UTAH 84520
WEST RIDGE MINE

Notice is hereby given that West Ridge Resources, Inc. submitted a Phase III bond release application in conjunction with the "Application for Post Mine Land Use" under 645-880.120 for Permit ACT/007-041 (originally issued April 1, 1999) for the West Ridge Mine to the State of Utah, Department of Natural Resources Division of Oil, Gas, and Mining. Applicant seeks to release reclamation liability and a reclamation bond in the amount of $67,000.

This application relates to the Gob Vent Hole (GVH) Project Site located in Bear Canyon, at the end of Bear Canyon Road, which intersects C Canyon Road in East Carbon, Utah. The Post Mine Land Use Permit will allow for a methane emissions reduction project which will no longer be regulated under the Utah Coal Program. A new reclamation bond for the emissions reduction project will be held by the Utah School and Institutional Trust Lands Administration. The Permit area encompasses approximately 3 acres in the West Ridge Permit located in Township 14 South, Range 13 East, Section 3, NW1/4NE1/4SW1/4SE1/4, Carbon County, Utah. The permit area is shown on the area map below. The area will be removed from the West Ridge bonded and disturbed area and the Post Mine Land Use Operator has an agreement with SITLA to bond and reclaim the site as determined by regulation.

A copy of this application may be examined at the office of the Division of Oil, Gas, and Mining: 1594 West North Temple, Suite 12310, Salt Lake City, Utah 84114-5810 and also at the Recorder's office located in the Carbon County Courthouse in Price, Utah.

Written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted no later than thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Published in Sun Advocate September 12, 19, 26 and October

State of Utah
School & Institutional
Trust Lands Administration

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801-538-5100
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Gary R. Herbert
Governor

Spencer J. Cox
Lieutenant Governor

David Ure
Director

July 10, 2017

Ms. Dana Dean, P.E.
Associate Director - Mining
Utah Division of Oil, Gas and Mining
1594 W North Temple, Ste. 1210
Salt Lake City, UT 84116

Re: Land Owner Consultation: West Ridge Resources, Inc. Application for Alternative Postmining Land Use for Methane Extraction Facilities – West Ridge Mine Reclamation Plan No. C/007/0041 (MRP). ML 53402.OBA

Dear Ms. Dean:

At the request of West Ridge Resources, Inc. (WRR) and Global Carbon Strategies Corporation (GCS), and as the owner and manager of the subject lands, we have been asked to review the Emissions Reduction (ER) Project proposed by the above referenced application. The Utah School & Institutional Trust Lands Administration (SITLA) owns the land and the methane resources for the proposed ER Project. On September 1, 2016, SITLA entered into a lease with GCS regarding the development of the Project (M.L. No. 53402-OBA) (Methane Lease or Lease), copy attached. Based on our review of WRR's application and subject to the terms of our lease with GCS, SITLA believes that the ER Project meets the criteria for approval of an alternative postmining land use under Utah Coal Program R645-301-413.220 and .300.

Background

Under the terms of the Methane Lease, ML 53402.OBA, SITLA, leased to GCS the rights to capture, remove, and destroy coal mine methane (CMM) from the Mine's underground workings. The Methane Lease includes five (5) gob vent holes (GVH) and CMM extraction equipment and facilities. These same gob vent holes are located on WRR's coal leases with SITLA and prior to temporary cessation of the Mine were used to vent methane to protect the Mine's underground work force (GVH Project). The GVH Project is located on three (3) separate tracts of land covering less than three (3) acres. The Division of Oil, Gas and Mining (DOGM) approved the development and operation of the GVH Project in association with WRR's mining operations as described in the GVH Appendices attached to the MRP. Pursuant to the terms of an Asset Sale and Purchase Agreement, WRR has agreed to sell the GVH Project to GCS, conditioned upon approval of the application for alternative postmining land use and removal of the GVH Project from the MRP.

SITLA has reviewed WRR's application filed with the Division on June 8, 2017, to change the postmining land use and to remove the GVH Project from the MRP so as to enable GCS to purchase the GVH Project. Upon completing the acquisition, GCS intends to construct an enclosed flare system at the main facility site and operate an industrial/commercial ER Project provided that GCS secures all required state and local permits and approvals as required under Section 6 of the Methane Lease.

The provisions of R645-301-413.300 provide for consultation between DOGM and SITLA as the landowner or land management agency concerning WRR's pending application. Based on our review of WRR's application and the Division's rules at R645-301-413.220 and .300, we believe the ER Project meets the criteria for approval of an alternative postmining land use.

Proposed ER Project: Highest and Best Use

As manager of the State's school and institutional trust lands, SITLA believes the ER Project meets the requirements of R645-301-413.220 as, "the highest and best use that can be achieved which is compatible with surrounding areas and does not require the disturbance of areas previously unaffected by mining." The Methane Lease is compatible with and indeed overlaps SITLA's current coal mining leases with WRR for the West Ridge Mine. All of these areas are located on SITLA leases within the Mine boundaries and are currently subject to the MRP. Upon approval of WRR's application, the GVH Project will be removed from the MRP and become part of the ER Project as an approved alternative postmining land use. Therefore, the ER Project will not disturb areas previously unaffected by mining because the ER Project was originally within the boundaries of a mining operation. Further the ER Project will be operated in a manner compatible with WRR's operations under the adjoining MRP.

As detailed below, pursuant to the terms of the Methane Lease, GCS is proposing that SITLA approve a plan of operations and reclamation that includes the reclamation requirements which currently apply to the GVH Project. GCS will post a $75,000 performance and reclamation bond with SITLA. Moreover, the rentals and royalties paid pursuant to the Methane Lease support SITLA's mission of maximizing revenues for Utah's public education and trust beneficiaries. Additional economic, tax and employment benefits to the State and to Carbon County are anticipated from ER Project development and operations. (See: Application pages 4-6). Royalties will be paid to SITLA based on the destruction of methane which results in positive environmental impacts on air quality. In sum, development of the ER Project will generate revenues for the State and local government and create positive air quality benefits, which constitute the highest and best use that can be achieved with respect to SITLA's methane resource.

SITLA's Plan of Operations

Section 6 of the Methane Lease expressly provides that prior to commencing operations on the Leased Premises, GCS is required to submit to SITLA a plan of operations and reclamation (Plan of Operations). The Plan of Operations will, among other things, contain measures to protect mineral, surface, paleontological and cultural resources on the leased premises, and provide for the final reclamation of the site upon termination of ER Project operations.

GCS has provided to SITLA copies of the GVH Appendices, which contain the DOGM approved provisions for reclamation bonding and restoration of the site to its pre-mining/industrial use. This land use includes agriculture, wildlife habitat and recreational uses. GCS has agreed to incorporate in the SITLA Plan of Operations, and be bound by, all relevant terms and conditions in the GVH Appendices pertaining to the GVH Project. Pursuant to Section 8 of the Methane Lease, GCS will post with SITLA performance and reclamations bonds as financial guarantees to assure its full compliance with all of the Lease terms and conditions.

Compliance with Criteria for Alternative Postmining Land Use.

We have reviewed WRR's application and believe that the ER Project meets the criteria for approval as an alternative postmining land use as set forth at R645-301-413.300.

The terms of the Methane Lease assure that there is a reasonable likelihood of the achievement of the use as required by R 645-301-413.310. The lease term is for 5 years and can be extended beyond the primary term only if GCS is engaged in diligent operations. See Methane Lease Section 2.1. SITLA has been provided with a copy of the Asset Sale and Purchase Agreement between the WRR and GCS and will obtain further evidence of the closing pursuant to Section 13.12 of the Methane Lease.

Section 6.2 of the Methane Lease requires GCS to comply with all applicable law. This provision assures that GCS will meet the requirements of R 645-301- 413.320 and that the ER Project will not present any actual or probably hazard to public health or safety, or threat of water diminution or pollution.

Further the Methane Lease assures compliance with the criteria of R 645-301-413.330, by assuring that the ER Project will not be impractical or unreasonable (among other provisions, see diligence requirements, Section 2.3); by assuring that the ER Project will not be inconsistent with applicable land use plans or policies (see compliance with law requirements, Section 6.2); will not involve unreasonable delay in implementation (see primary term of 5 years, Section 2.1, extension by diligent operations, Section 2.2 and

diligence requirements, Section 2.3); and will not cause or contribute to violations of federal, Utah, or local law (see compliance with laws Section 6.2).

Based on our review of WRR's application and subject to the terms of the Methane Lease, SITLA believes that the ER Project meets the criteria for approval of an alternative postmining land use.

Please contact me if you have questions or wish to discuss further.

Yours very truly,

SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION

LaVonne J. Garrison
Assistant Director/Oil and Gas
E-mail: lavonnegarrison@utah.gov
Office Ph: (801) 538-5197

Board Approval Date (office use only): 08/18/2016

MINERAL LEASE NO. 53402-OBA

GRANT: SCH: 1281.24
MULT: 881.10

UTAH STATE LIMITED LEASE FOR METHANE

THIS LIMITED LEASE FOR METHANE (the "Lease") is entered into effective the 1st day of September, 2016, (the "Effective Date"), by and between the STATE OF UTAH, acting by and through the SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, 675 East 500 South, Suite 500, Salt Lake City, Utah 84102, (hereinafter "Lessor"), and

Global Carbon Strategies Corporation
1524 East 8th Avenue
Denver, Colorado 80218

having a business address as shown above (hereinafter "Lessee", whether one or more).

WITNESSETH:

That the State of Utah, as Lessor, in consideration of the rentals, royalties, and other financial consideration required to be paid by Lessee, and the covenants of Lessee set forth below, does hereby GRANT AND LEASE to Lessee the right and privilege to obtain access to and capture, extract, gather, produce, remove, ventilate, and destroy coal mine methane (the "Leased Substances," as hereinafter defined) from the following described lands located in Carbon County, State of Utah, (the "Leased Premises"):

T13S, R13E, SLB&M
Sec. 36: All 640 SCH

T14S, R13E, SLB&M
Sec. 2: Lots 1(40.18), 2(40.27), 3(40.35), 4(40.44)
S½N½, S½ [All] 641.24 SCH

T14S, R13E, SLB&M
Sec. 3: Lots 1(40.44), 2(40.37), 3(40.29)
S½N½, S½ [Lots aka N½NE¼, NE¼NW¼] 601.10 MULT

T14S, R13E, SLB&M
Sec. 10: W½NW¼, SW¼, SW¼SE¼ 280 MULT

containing 2,162.34 acres, more or less,

together with the right and privilege, as conditioned herein, to construct and maintain on the surface estate of the following described lands ("Surface Estate") gob vent holes, ("GVHs," as hereinafter described), coal mine methane extraction facilities ("Extraction Facilities," as hereinafter defined), roads, buildings, communication lines, gathering lines, pipelines, tanks, pumping and compression stations, and any other structures or improvements to the extent necessary to capture, extract, gather, produce, remove, ventilate, and destroy the Leased Substances:

T14S, R13E, SLB&M
Sec. 3: NE1/4SW1/4SE1/4, SW1/4SW1/4SE1/4 [Within] as more particularly described in the map attached as Exhibit "A"

Together with the nonexclusive right to use existing rights of way or access that Lessor may have to obtain ingress and egress to and from the Surface Estate and Leased Premises.

This Lease is subject to, and Lessee hereby agrees to and accepts, the following covenants, terms, and conditions:

1. DEFINITIONS.

1.1 Leased Substances. Leased Substances means gases containing methane and other hydrocarbons emitted, liberated, or released from the mined coal seam roof and floor, strata overlying and underlying the lower Sunnyside coal seam, gob areas, coal pillars, barriers, and waste rock in the underground workings, airways and ventilations systems, portals, roadways stations, and sealed areas of the West Ridge Coal Mine that are owned by Lessor. As used in this Lease, Leased Substances includes substances that may be described as coalbed methane, coalmine methane, mine methane, and abandoned mine methane.

1.2 GVHs. GVHs or gob vent holes means the five (5) existing vertical boreholes, which are located on the Surface Estate and were drilled into the gob area within underground Panel 8 in the southwest corner of the West Ridge Coal Mine.

1.3 Extraction Facilities. Extraction Facilities means the equipment described on Exhibit "B" attached hereto and incorporated herein by reference, as well as the above-described GVHs, a flare, a gas pipeline, metering, communication, and fire suppression equipment, security fencing, and other equipment necessary to capture, extract, gather, produce, remove, ventilate, and destroy the Leased Substances.

2. TERM OF LEASE; RELINQUISHMENT.

2.1 Primary Term. This Lease, unless terminated at an earlier date as hereinafter provided, is granted for a primary term of five (5) years commencing on the Effective Date.

2.2 Extension beyond Primary Term. Subject to Lessee's compliance with the other provisions of this Lease, this Lease shall remain in effect beyond the primary term for so long thereafter as Lessee is engaged in diligent operations.

2.3 Diligent Operations. Diligent operations means Lessee will continue to capture, extract, gather, produce, remove, ventilate, and destroy Leased Substances, and pay Lessor royalties (as described below), with a cessation of no more than ninety (90) consecutive days or a cumulative period of no more than one-hundred eighty (180) days during any lease year after the primary term. Upon and after expiration of the primary term, where Lessee holds the lease by approved diligent operations, Lessor may review and determine as of each anniversary of the Effective Date whether Lessee is engaged in diligent operations sufficient to maintain this Lease in effect.

2.4 Relinquishment. Lessee may relinquish this Lease at any time by filing a written notice of relinquishment with Lessor, subject to Lessor's right to disapprove any relinquishment if Lessee has failed to pay all rentals, royalties, and other amounts due and owing to Lessor, if the Lease is otherwise not in good standing. Relinquishment shall not relieve Lessee from any continuing obligations to the extent provided in Paragraph 10.2 of this Lease.

3. ANNUAL RENTAL PAYMENT. Lessee shall pay annually on the Effective Date of the Lease a rental payment of Five Thousand Dollars ($5,000.00). The annual rental payment may be credited towards royalty payments as they accrue for that lease year. Failure to pay the annual rental payment for a period of one month from the date such rent is due, and upon expiration of a written notice from Lessor to Lessee requiring performance within thirty (30) days of the written notice, shall constitute a default and entitle Lessor to forfeit Lessee's interest in the Lease and to take other legal remedies available at law.

4. ROYALTIES.

4.1 Royalty Payment. Lessee shall pay Lessor a royalty payment, free of all costs and expense, of twelve and one-half cents (12.5¢) for every one million British thermal units ("MMBtus") of Leased Substances delivered to the flare and destroyed in the Extraction Facilities ("Qualifying Methane Volume," which will be expressed in MMBtus). At the end of each calendar month, the Qualifying Methane Volume will be determined by Lessee based on meter measurements taken at the collection point for the flare. All measuring devices shall be tamper-proof.

4.2 Reporting and Payment. Based on the Qualifying Methane Volume destroyed at the flare each month, Lessee will pay Lessor a royalty payment using the rate in Section 4.1 above before the end of the next succeeding calendar month. Royalty payments will be accompanied by a verified statement, in a form approved by Lessor, stating the Qualifying Methane Volume, the method and manner of calculating the royalty, and the measurement, if any, of Leased Substances produced but not delivered to the flare and consumed or destroyed in the Extraction Facilities, as well as any other information reasonably required by Lessor. To confirm the Qualifying Methane Volume, Lessee will provide to Lessor a third party verification report for each period in which carbon allowances, credits, or offsets are produced and verified from Lessee's flare operations. Lessee shall maintain all records pertaining to Qualifying Methane Volume and the calculation of royalties for a period of at least seven years after the date to which the documents pertain.

5. RESERVATIONS TO LESSOR. Lessor hereby excepts and reserves from the operation of this Lease the following rights and privileges:

5.1 Rights-of-Way and Easements. Lessor reserves the right to establish rights-of-way and easements upon, through, and across the Leased Premises and the Surface Estate, under terms and conditions that will not unreasonably interfere with operations under this Lease, for roads, pipelines, electric transmission lines, transportation and utility corridors, and any other purposes deemed reasonably necessary by Lessor.

5.2 Other Mineral Leases; Multiple Mineral Development. Lessor reserves the right to enter into mineral leases and agreements with third parties covering minerals other than the Leased Substances, under terms and conditions that will not unreasonably interfere with operations under this Lease. Lessor agrees that during the term of this Lease, Lessor will not enter into any lease or other business agreement that grants or leases any rights or interests in the Leased Substances to a third party, other than the rights previously granted under coal leases existing prior to the Effective Date of this Lease. Lessor further reserves the right to impose reasonable stipulations upon operations under this Lease to permit multiple mineral development of the Leased Premises.

5.3 Use and Disposal of Surface Lands. To the extent that Lessor owns the surface lands above the Leased Premises, not including the Surface Estate and subject to the rights granted to Lessee pursuant to this Lease in Paragraph 7.1, Lessor reserves the right to use, lease, sell, or otherwise dispose of the surface of the Leased Premises. Lessor reserves the right to charge for, negotiate and coordinate with other surface owners, land management agencies or governmental agencies regarding mitigation or impact fees and shall coordinate the collection and expenditure of such fees, if any, that are imposed or collected. Notwithstanding any other provision of this Lease, Lessor reserves the right to permit third parties to undertake surface activities associated with seismic, geophysical, and geochemical exploration for oil and gas (such activities being considered by Lessor to be a surface use) without compensation or other obligation to Lessee so long as such activities do not damage or unreasonably interfere with Lessee's operations.

5.4 Rights Not Expressly Granted. Lessor further reserves all rights and privileges of every kind and nature, except as specifically granted in this Lease.

6. LEASE OPERATIONS.

6.1 Plan of Operations. At least thirty (30) days prior to commencing operations on the Leased Premises and Surface Estate, Lessee must submit to Lessor for its approval a plan of operations and reclamation. Lessee may not commence operations until Lessor has approved its plan of operations. Lessor may condition its consent to the plan of operations upon Lessee's agreement to comply with reasonable measures for the prevention of waste, protection of mineral and surface resources, protection of cultural resources, reclamation, and other measures deemed necessary by Lessor. Lessee must also obtain all necessary approvals for its operations from the Utah Division of Oil, Gas & Mining ("UDOGM"), the Utah Department of Environmental Quality ("DEQ"), or any successor regulatory agency, prior to commencing any operations on the Leased Premises and the Surface Estate. Lessee must provide Lessor with proof of the approval of its operations by UDOGM and DEQ.

6.2 Compliance with Applicable Law. Lessee, shall comply with all applicable federal, state and local statutes, regulations, and ordinances, whether now in effect or enacted in the future, including without limitation the rules and regulations of UDOGM and DEQ, statutes and regulations governing the management of school and institutional trust lands, applicable statutes and regulations relating to safety and health, and applicable statutes, regulations and ordinances relating to public health, pollution control, management of hazardous substances, cultural resources, and environmental protection.

6.3 Prudent Operator. Lessee shall exercise reasonable diligence in conducting operations on the Leased Premises and Surface Estate. Lessee shall conduct its operations as a prudent operator in accordance with standard industry methods and practices, having due regard for the protection of the interests and future operations of the West Ridge Coal Mine, Lessor's interest with respect to the Leased Premises and Surface Estate, and the health and safety of workers and employees and such other practices that are recognized within the industry.

6.4 Completion of Operations; Reclamation. Upon completion of Lessee's operations authorized under this Lease, Lessee shall plug all GVH wellbores located on the Leased Premises and Surface Estate in accordance with UDOGM rules and standard industry practice, and reclaim all surface disturbances relating to such operations as prescribed by Lessor and UDOGM. All Extraction Facilities, equipment, and material not removed from the Leased Premises within ninety (90) days of completion of Lessee's operations shall be deemed abandoned, and Lessor may remove or cause to be removed said equipment and material and sold to Lessor's account.

6.5 Cultural Resources. Prior to commencing any new surface disturbing operations or any operations that have the potential to affect historic properties, Lessee shall complete an addendum to the existing cultural resource inventory prepared for the Surface Estate in accordance with applicable laws and regulations, or otherwise provide evidence of compliance with *Utah Administrative Code* R850-60. Lessee shall provide such cultural resource compliance materials to Lessor prior to the approval of Lessee's plan of operations. Lessor will review all cultural resource compliance materials provided by Lessee, and may approve, condition or deny its consent to new surface disturbing operations based upon impacts to cultural resources. Lessor may require Lessee to complete appropriate cultural resources mitigation measures as a condition of approval of the plan of operations.

7. USE OF SURFACE ESTATE. Lessee may use and occupy the Surface Estate for all purposes reasonably necessary to capture, extract, gather, produce, remove, ventilate, and destroy the Leased Substances in compliance with its plan of operations and all applicable laws, rules, regulations, permits and approvals. Lessee may not use the Surface Estate prior to complying with the requirements of Paragraph 6.1. Such surface uses shall be exercised subject to the rights reserved to Lessor as provided in Section 5, and without unreasonable interference with the rights of any prior or subsequent lessee of Lessor. Lessee may not use surface lands overlying the Leased Premises other than the Surface Estate.

8. BONDING. Before commencing operations on the Leased Premises and Surface Estate, Lessee shall execute and post with Lessor a surety bond or other financial guarantee in the amount of Fifteen Thousand Dollars ($15,000.00) to guarantee Lessee's performance of all covenants and obligations under this Lease. Lessor may in its reasonable discretion require Lessee to furnish additional bonding for assuring compliance with the terms of this Lease upon thirty (30) days written notice.

10. DEFAULT.

10.1 Notice of Default; Termination. Upon Lessee's violation of or failure to comply with any of the terms, conditions or covenants set forth in this Lease, Lessor shall notify the then-current Lessee of such default by registered or certified mail, return receipt requested, at the last address for Lessee set forth in Lessor's files. Lessee shall then have thirty (30) days, or such longer period as may be granted in writing by Lessor, to either cure the default or request a hearing pursuant to the Lessor's administrative adjudication rules. In the event Lessee fails to cure the default or request a hearing within the specified time period, Lessor may cancel this Lease without further notice to or appeal by Lessee. Failure to timely pay rentals or royalties is not a breach of covenants but rather a failure of condition and shall cause the Lease to expire pursuant to its own terms.

10.2 Effect of Termination. The termination of this Lease for any reason, whether through expiration, cancellation or relinquishment, shall not limit the rights of the State of Utah to recover any royalties and/or damages for which Lessee may be liable, to recover on any bond on file, or to seek injunctive relief to enjoin continuing violations of the Lease terms. No remedy or election under this Lease shall be deemed exclusive, but shall, whenever possible, be cumulative with all other remedies available under this Lease, at law or in equity. Lessee shall surrender the Leased Premised upon termination; however, the obligations of Lessee with respect to plugging of abandoned wells, reclamation, indemnification and other continuing covenants imposed by this Lease shall survive the termination.

11. RIGHT OF ACCESS; RECORDS.

11.1 Reporting; Records. Lessee shall timely provide UDOGM, the Utah Department of Environmental Quality, and all other governmental agencies with oversight authority, the data, reports, and other information related to produced and destroyed methane that is required by such agency. Lessee shall provide a copy of the same upon request by Lessor.

11.2 Inspection; Audit. Lessor's employees and authorized agents shall have the right to enter the Leased Premises to examine, inspect, survey and take measurements for the purposes of verifying the Qualifying Methane Volume amounts, the total volume of Leased Substances or project emissions produced during Lessee's methane destruction operations on the Leased Premises, and other proper lease operations. Upon reasonable notice to Lessee, Lessor's employees and authorized agents shall further have the right to audit, examine and copy (at Lessor's expense) all documents related to Lessee's efforts to capture, extract, gather, produce, remove, ventilate, and destroy coal mine methane including, but not limited to the records related to determining Qualifying Methane Volume and the calculation of royalties. Lessor's employees and authorized agents shall have the right to audit, examine and copy such records whether they are located on the Leased Premises or elsewhere. Lessee shall furnish all conveniences necessary for any inspections or audits; provided, however, that such inspections or audits shall be conducted in a manner that is in conformance with all applicable safety regulations and does not unreasonably interfere with Lessee's operations.

12. ASSIGNMENT OR SUBLEASE; OTHER AGREEMENTS.

12.1 Consent Required. Lessee shall not assign or sublease this Lease in whole or in part, or otherwise assign or convey any rights or privileges granted by this Lease, without the prior written consent of Lessor. Any assignment, sublease or other conveyance made without prior written consent of Lessor shall be void and

have no legal effect unless and until approved in writing by Lessor. Exercise of any right with respect to the Leased Premises in violation of this provision shall constitute a default under this Lease.

12.2 Limitation on Other Agreements. Lessee shall not enter into any agreement limiting, restricting, prorating, or otherwise affecting the natural production of Leased Substances from the Leased Premises in any way or in any event without the prior written consent of Lessor.

13. MISCELLANEOUS PROVISIONS.

13.1 No Warranty of Title. Lessor does not warrant title nor represent that no one will dispute the title asserted by Lessor to the Surface Estate and Leased Premises including, without limitation, any rights Lessor may have to capture, extract, gather, produce, remove, ventilate, and destroy the Leased Substances. It is expressly agreed that Lessee shall not be entitled to any refund for any rentals and royalties paid under the Lease in the event of title failure, nor shall Lessor be liable to Lessee for any alleged deficiency in title to the mineral estate. If any third party claims any rights to the Leased Substances, Lessee will have the right to place all royalty payments due Lessor in an interest-bearing trust account, pending a final resolution of the third party's claim. If Lessor owns an interest less than all of the Leased Substances, the royalties provided herein shall be paid to Lessor in the proportion which Lessor's interest bears to the entire volume of Leased Substances.

13.2 Notices. All notices herein provided to be given or which may be given by either party to the other, except as otherwise provided by law, shall be deemed to have been fully given when made in writing and deposited in the United States mail, postage prepaid, and addressed to the last known address of the parties. Lessee's address set forth above shall be conclusively deemed to be correct unless Lessor has received written notice of change of address from Lessee.

13.3 Indemnity. Lessee shall indemnify and hold Lessor harmless for, from and against each and every claim, demand, liability, loss, cost, damage and expense, including, without limitation, attorneys' fees and court costs, arising in any way out of Lessee's occupation and use of the Leased Premises and Surface Estate, including without limitation claims for death, personal injury, property damage, environmental damage or remediation, royalty disputes, unpaid wages and benefits. Lessee further agrees to indemnify and hold Lessor harmless for, from and against all claims, demands, liabilities, damages and penalties arising out of any failure of Lessee to comply with any of Lessee's obligations under this Lease, including without limitation attorneys' fees and court costs.

13.4 Interest. Interest shall accrue and be payable on all obligations arising under this Lease at such rate as may be set from time to time by rule enacted by Lessor. Interest shall accrue and be payable, without necessity of demand, from the date each such obligation shall arise. The accrual and payment of interest does not constitute a waiver or satisfaction of any penalty that may apply under the Lessor's Rules.

13.5 Governing Law: Consent to Suit; Jurisdiction. This Lease shall be governed by the laws of the State of Utah. Lessor and Lessee agree that all disputes arising out of this Lease shall be litigated only in the Third Judicial District Court for Salt Lake County, Utah. Lessee shall not bring any action against Lessor without exhaustion of available administrative remedies and compliance with applicable requirements of the Utah Governmental Immunity Act. Service of process in any such action is hereby agreed to be sufficient if sent by certified mail to Lessee at the last known address appearing in Lessor's records.

13.6 Attorneys' Fees. In the event Lessor institutes and prevails in any administrative or judicial proceeding for breach of this agreement, Lessor shall be entitled to collect its reasonable attorneys' fees and costs from Lessee.

13.7 No Waiver. No waiver of the breach of any provision of this Lease shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Lease, nor shall the acceptance

of rentals or royalties by Lessor during any period of time in which Lessee is in default be deemed to be a waiver of such breach.

13.8 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

13.9 Entire Lease. This Lease, together with any attached stipulations, sets forth the entire agreement between Lessor and Lessee with respect to the subject matter of this Lease. No subsequent alteration or amendment to this Lease shall be binding upon Lessor and Lessee unless in writing and signed by both parties.

13.10 Binding Effect. This Lease shall be binding upon, and shall inure to the benefit of the parties to it and their respective legal representative, successors, and assigns.

13.11 Certification. Lessee certifies that by signing this Lease, it is qualified to do business in the State of Utah and is not in default under the laws of the State of Utah relative to qualification to do business within the state or not in default of any previous obligation with the Lessor.

13.12 Assignment of Interest from Mine Operator. Within 120 days of the Effective Date of this Lease, Lessee will provide Lessor with a copy of the written assignment between Lessee and operator of the West Ridge Coal Mine. The assignment must provide Lessee with an assignment of the mine operator's rights, interests, duties, and obligations in and to the Surface Estate, Leased Substances, GVHs, and Extraction Facilities.

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

THE STATE OF UTAH, acting by and through the SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION ("LESSOR")

DAVID URE, DIRECTOR

By: _____
LAVONNE J. GARRISON
ASSISTANT DIRECTOR/OIL & GAS

APPROVED AS TO FORM:

SEAN D. REYES
ATTORNEY GENERAL

By: _____
Special Assistant Attorney General

Form Approved: August 18, 2016

LESSEE: GLOBAL CARBON STRATEGIES CORPORATION

By: _____

Its: Vice President

STATE OF UTAH)
:
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 5th day of October 2016, by LaVonne J. Garrison in her capacity as Assistant Director/Oil and Gas of the School and Institutional Trust Lands Administration.

ALYSON HALE
Notary Public State of Utah
My Comm. Exp: June 18, 2019
Comm. Number: 683597

Alyson Hale
Notary Public

STATE OF _____)
:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ 20____, by _____, in his/her capacity as _____ of the Lessee.

_____
Notary Public

STATE OF Utah)
:
COUNTY OF Salt Lake)

The foregoing instrument was acknowledged before me this 30th day of September 2016, by Collon C. Kennedy, Lessee. Global Carbon Strategies Corporation

Sarah Nielsen
Notary Public

SARAH NIELSEN
Notary Public State of Utah
My Commission Expires on:
September 14, 2019
Comm. Number: 684886

EXHIBIT A

GVH SITE

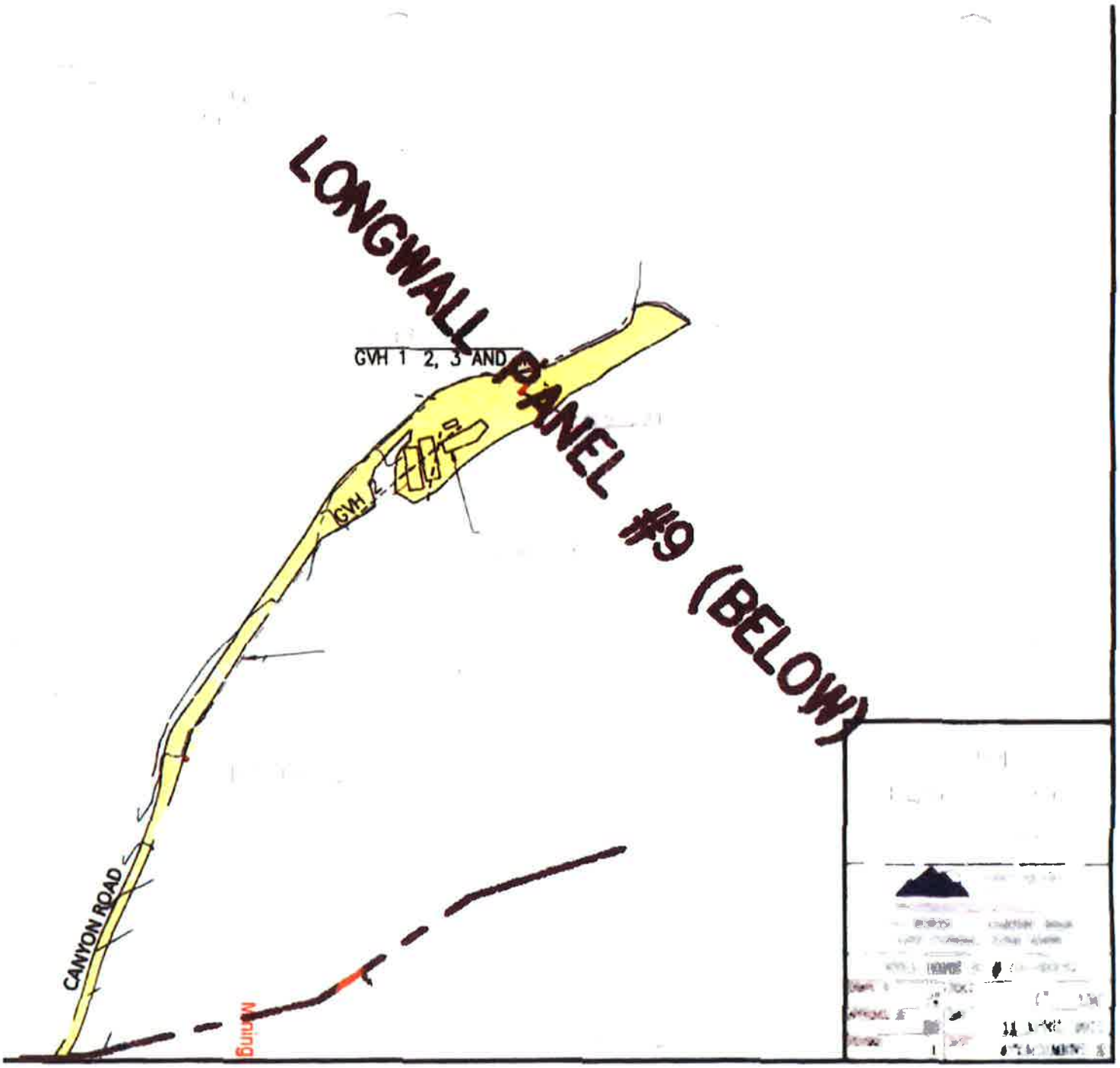
LONGWALL PANEL #9 (BELOW)
GVH 1 2, 3 AND
GVH
CANYON ROAD
Mining

EXHIBIT "B"
EXTRACTION FACILITIES

I. Historic West Ridge Mine's Extraction Facilities:

9 5/8 to 10" Flange Adapter
10" SS Gate Valve
10" Check Valve
10" fabricated Wye
10" Gear Actuated Butterfly Valves
10" flex hose w/ flange ends x 12'
10" long sweep 90° Els
10" Flame Arrestors
10" x 8" Adapters
8" x 10' Metering Spool
Verabar Flow Meter
Monitoring PLC
Control Panels w/Methanometer
10" x 8" Adapters
10" x 8" Tee
8" Check Valves
Vent Stack Adapters
Fiberglass Vent Stacks
10" long sweep 90° Els
10" Inlet Filter
10" 150# ss Gasket
10" 150# Blind Flange
14'w 10'h 36' long Tents (4)
7/8 x 4 3/4 Stud w/ nut
Gasket
GVHs (locations depicted on plat) (5)
Leveling Base
Support Frame
Viper 60-80 Air Compressor
Methane Extractor Units (MEUs) (operating) (4)
Methane Extractor Unit (spare)
Air Diaphragm Pump
Hose & ftg kit

II. Additional Equipment:

Additional equipment and infrastructure required by Lessee for flare operations will likely include, among other things, the following:

Enclosed Ground Flare
Steel Flare Shell AssemblyFlanged Inlet Nozzel
Flame Arrester
Butterfly Value w/SS Disc & Stem w/Pneumatically Controlled
Safety Shutoff Actuator
Nitrogen Regulator and Rack
Steel Bellows Type Flex Connector
Weather Shield at Top of Flare
Heat Screen Around Flare (as needed)
Thermocouples
Self-Checking Flame Safeguard Sensors
Flare Purge System with Air Blower and Verification Pressure Switch
Propane Gas Pilot System; Pilot Igniter
Burner System
Thermal Mass Flow Meter
Gas Analyzer
Pressure and Temperature Gauges
Control Panel
Satellite Modem and Communications System
Gas Pipeline from MEUs to Flare
GVH Site Security Fencing

OGMCOAL DNR <ogmcoal@utah.gov>

Fwd: Methane Gob vent project

Daron Haddock <daronhaddock@utah.gov> Mon, Oct 2, 2017 at 7:25 AM
To: OGMCOAL DNR <ogmcoal@utah.gov>

---------- Forwarded message ----------
From: **Todd Thorne** <todd.thorne@carbon.utah.gov>
Date: Thu, Sep 28, 2017 at 9:28 AM
Subject: Methane Gob vent project
To: daronhaddock@utah.gov

Daron,

I have attached the conditional use permit Carbon County issued to Global Carbon Strategies. Carbon County is in support of the project, and we look forward to working with Global Carbon Strategies to implement their project.

--
Todd Thorne
Carbon County
Director of Planning
Office: 435-636-3261

--

Daron R. Haddock

Coal Program Manager
Utah Division of Oil, Gas & Mining
(801) 538-5325

Global Carbon Strategies CUP.pdf
134K

CARBON COUNTY UTAH

CONDITIONAL USE PERMIT
COUNTY OF CARBON
DEPARTMENT OF PLANNING

THIS CERTIFICATE ISSUED AS PER SECTION 5.1.2 AND 4.2.17 OF THE DEVELOPMENT CODE OF CARBON COUNTY TO:

Global Carbon Strategies Corporation
743 Horizon Court, Suite 383, Grand Junction, CO 81506

GRANTING A CONDITIONAL USE PERMIT TO OPERATE:
A Coal Mine Methane Emission Reduction Project
West Ridge Mine Location

DATED: 8/16/2017

CONDITIONS:

1. Comply with all laws, regulations and restrictions of applicable State, Federal and Regulatory agencies in effect at the time of issuance of this conditional use permit
2. Comply with all laws, codes and ordinances of Carbon County pertaining to this business in effect at the time of issuance of this conditional use permit
3. Any buildings constructed for the project shall comply with adopted codes.
4. The property shall be kept free of debris, refuse, weeds (including but not limited to noxious weeds) and other flammable material that may constitute a fire hazard.
5. No trash, used materials, or wrecked or abandoned vehicles or equipment shall be stored in an open area. Containers for trash storage shall be maintained on the entire operating property.
6. Install a 6' fence around the property.
7. Outdoor storage of materials limited to the height of the site obscuring fence.
8. Prepare and abide by a storm drainage plan approved by the Carbon county Engineer.
9. Maintain entrance to property to be free of debris and obstructions and clean up any debris on road from any vehicles used.
10. Promptly respond to spills or accidents of hazardous materials or other contaminated waters or fuels, and maintain a plan for containment and cleanup.
11. Mitigate any dust as dictated by road/weather conditions

LEGAL DESCRIPTION:
West Ridge Mine, Carbon County, UT; located on 3 acres in Sections 3 and 10, T14S, R13E, northwest of the Mine's surface facilities.

SIGNED: _____ DATE_____
Richard Tatton, Chairman
Carbon County Planning Commission

STATE OF UTAH)
:SS
COUNTY OF CARBON)

Witness my hand and official seal hereto affixed:

On this ____ day of _____ 20____, personally appeared before me,

_____, the signer(s) of the foregoing document, who duly acknowledge to me that he executed the same.

_____
Notary Public

Residing at_____

My Commission Expires_____

SIGNED: _____ DATE_____
Carbon County Board of Commissioners

STATE OF UTAH)
:SS
COUNTY OF CARBON)

Witness my hand and official seal hereto affixed:

On this ____ day of _____ 20____, personally appeared before me,

_____, the signer(s) of the foregoing document, who duly acknowledge to me that he executed the same.

_____
Notary Public

Residing at_____

My Commission Expires_____