

0001

Document Information Form

Mine Number: C/017/009

File Name: Incoming

To: DOGM

From:

Person N/A

Company N/A

Date Sent: N/A

Explanation:

Utah State Lease for Coal

cc:

File in: C/017, 009, Incoming

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Date _____ For additional information

MINERAL LEASE APPLICATION

MINERAL LEASE NO. _____

GRANT: School

NO. 23331

Utah State Lease for COAL

THIS INDENTURE OF LEASE AND AGREEMENT entered into in duplicate this 7th day of February, 1966, by and between the STATE LAND BOARD, acting in behalf of the State of Utah, hereinafter called the Lessor, and

BYRON DAVIES
Cannonville, Utah

party of the second part, hereinafter called the Lessee, under and Pursuant to Title 65, Utah Code Annotated, 1953.

WITNESSETH: That the Lessor, in consideration of the rents and royalties to be paid and the covenants to be observed by the Lessee, as hereinafter set forth, does hereby grant and lease to the Lessee the exclusive right and privilege to mine, remove, and dispose of all of the said minerals in, upon, or under the following described tract of land situated in Garfield County, State of Utah, to-wit:

Northeast Quarter (NE $\frac{1}{4}$) of Northeast Quarter (NE $\frac{1}{4}$) of Section Thirty-six (36),
Township Thirty-six (36) South, Range Two (2) West, Salt Lake Meridian,

containing a total of 40.00 acres, more or less, together with the right to use and occupy so much of the surface of said land as may be required for all purposes reasonably incident to the mining, removal, and disposal of said minerals, according to the provisions of this lease, for the period ending ten years after the first day of January next succeeding the date hereof and as long thereafter as said minerals may be produced in commercial quantities from said lands, or Lessee shall continue to make the payments required by Article III hereof, upon condition that at the end of each twenty (20) year period succeeding the first day of the year in which this lease is issued, such readjustment of terms and conditions may be made as the Lessor may determine to be necessary in the interest of the State.

ARTICLE I

This lease is granted subject in all respects to and under the conditions of the laws of the State of Utah and existing rules and regulations and such operating rules and regulations as may be hereafter approved and adopted by the State Land Board.

ARTICLE II

This lease covers only the mining, removal, and disposal of the minerals specified in this lease, but the Lessee shall promptly notify the the Lessor of the discovery of any minerals excepting those enumerated herein.

ARTICLE III

The Lessee, in consideration of the granting of the rights and privileges aforesaid, hereby covenants and agrees as follows:

FIRST: To pay to the Lessor as rental for the land covered by this lease the sum of fifty (50) cents per acre per annum. All such annual payments of rental shall be made in advance on the 2nd day of January of each year, except the 1966 rental which is payable on the execution of this lease. All rentals shall be credited against royalties for the year in which they accrue.

SECOND: To pay to Lessor quarterly, on or before the 15th day of the month succeeding each quarter, royalty

(a) at the rate of 15¢ per ton of 2000 lbs. of coal produced from the leased premises and sold or otherwise disposed of, or

(b) at the rate prevailing, at the beginning of the quarter for which payment is being made, for federal lessees of land of similar character under coal leases issued by the United States at that time,

whichever is higher, and, commencing with the year beginning the January 1 following two years from the date hereof, to pay annual royalty of at least \$1.00 multiplied by the number of acres hereby leased regardless of actual production, provided that Lessor may, at any time after the tenth anniversary date hereof, increase the minimum annual royalty by not to exceed 50%.

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In C/ 017, 009, Incoming

For additional information

STATE OF UTAH
STATE LAND BOARD

By Max C. Gardner
DIRECTOR LESSOR

Byron Davis
LESSEE

STATE OF UTAH }
COUNTY OF } ss. LESSEE'S INDIVIDUAL ACKNOWLEDGEMENT

On the 14 day of April 1966 personally appeared before me Byron Davis
the signer of the above instrument, who duly acknowledged to me that He executed the same.

Given under my hand and seal this 14th day of April 1966

My commission Expires: Sept. 23, 1969

Mabel C. Ott
Notary Public, residing at: Tropic, Utah

STATE OF UTAH }
COUNTY OF } ss. LESSEE'S CORPORATE ACKNOWLEDGEMENT

On the _____ day of _____ 19____, personally appeared before me _____,
who being duly sworn did say that he is an officer of _____ and that said instrument was signed
in behalf of said corporation by resolution of its Board of Directors, and said _____ acknowl-
edged to me that said corporation executed the same.

Given under my hand and seal this _____ day of _____ 19_____

My commission Expires:

Notary Public, residing at:

STATE OF UTAH }
COUNTY OF SALT LAKE } ss.

On the 20 day of April 1966, personally appeared before me Max C. Gardner, who being by me duly sworn
did say that he is the Director of the State Land Board of the State of Utah and that said instrument was signed in behalf of said Board by
resolution of the Board, and said Max C. Gardner acknowledged to me that said Board executed the same in behalf of the State of Utah.

Given under my hand and seal this 20 day of April 1966

My commission Expires:

Notary Public, residing at:

4-10-68

John M. Kelley

If the coal produced from the leased premises is washed before sale or other disposition by Lessee, Lessee may pay royalty on the washed product only, provided Lessee maintains accurate record by which the weight of washed coal originating from the leased premises can be ascertained and complies with all regulations and directives issued by Lessor to prevent waste and to insure that royalty is paid on all washed coal originating from the leased premises.

THIRD: To prepare and forward to the State Land Office, on or before the 15th day of the month next succeeding the quarter in which the material is produced, a certified statement of the amount of production of all of the leased substances disposed of from said lands, and such other additional information as the State Land Board may from time to time require.

FOURTH: To keep at the mine office clear, accurate and detailed maps on tracing cloth, on a scale not more than 50 feet to the inch, of the workings in each section of the leased lands and on the lands adjacent, said maps to be coordinated with reference to a public land corner so that they can be readily and correctly superimposed, and to furnish to the Lessor annually, or upon demand, certified copies of such maps and such written statements of operations as may be called for. All surveys shall be made by a licensed engineer and all maps certified to by him.

FIFTH: Not to fence or otherwise make inaccessible to stock any watering place on the premises without first obtaining the written consent of Lessor, nor to permit or contribute to the pollution of any surface or subsurface water available or capable of being made available for domestic or irrigation use.

SIXTH: Not to assign this lease or any interest therein, nor sublet any portion of the leased premises, or any of the rights and privileges herein granted, without the written consent of the Lessor being first had and obtained.

ARTICLE IV

The Lessor hereby excepts and reserves from the operation of this lease:

FIRST: The right to permit for joint or several use such easements or rights-of-way upon, through, or in the land hereby leased as may be necessary or appropriate to the working of these or other lands belonging to or administered by the Lessor containing mineral deposits or for other use.

SECOND: The right to use, lease, sell, or otherwise dispose of the surface of said lands or any part thereof, under existing State laws or laws hereafter enacted, insofar as said surface is not necessary for the Lessee in the mining, removal, or disposal of the leased substances therein, and to lease mineral deposits, other than those leased hereby, which may be contained in said lands so long as the recovery of such deposits does not unreasonably interfere with Lessee's rights herein granted.

ARTICLE V

Upon failure or refusal of the Lessee to accept the readjustment of terms and conditions demanded by the Lessor at the end of any twenty-year period, such failure or refusal shall work a forfeiture of the lease and the same shall be canceled.

ARTICLE VI

In case of expiration, forfeiture, surrender or other termination of this lease, all underground timbering supports, shaft linings, rails and other installations necessary for the support of underground workings of any mines, and all rails or head frames and all installations which cannot be removed without permanent injury to the premises and all construction and equipment installed underground to provide ventilation for any mines, upon or in the said lands shall be and remain a part of the realty and shall revert to the Lessor without further consideration or compensation and shall be left by the Lessee in the lands.

All personal property of Lessee located within or upon the said lands, and all buildings, machinery, equipment and tools (other than the installations to become the property of Lessor as above provided), shall be and remain the property of Lessee and Lessee shall be entitled to, and may, within six (6) months after such expiration, forfeiture, surrender or other termination of said lease, or within such extension of time as may be granted by Lessor, remove from the said lands such personal property and improvements, other than those items which are to remain the property of the Lessor as above provided.

Lessee shall, upon termination, of this lease or abandonment of the leased premise for any reason, seal to Lessor's satisfaction all or such part of the mine openings on the premises as Lessor shall request be sealed.

ARTICLE VII

It shall be the responsibility of the Lessee to slope the sides of all operations of a surface nature to an angle of not less than 45° or to erect a barrier around such operation as the State Land Board may require. Such sloping or fencing shall become a normal part of the operation of the lease so as to keep pace with such operation to the extent that such operation shall not constitute a hazard.

ARTICLE VIII

Lessee shall not sell or otherwise dispose of any water rights acquired for use upon the leased premises except with Lessor's written permission. Upon termination of this lease for any reason, all such rights acquired by application to the Utah State Engineer shall revert to the Lessor as an appurtenance to the leased premises, and all such rights acquired by other means shall be offered to Lessor in writing for purchase at Lessee's acquisition costs, provided that Lessor shall be deemed to have rejected such offer if it does not accept the same within thirty days after receipt thereof.

ARTICLE IX

All of the terms, covenants, conditions, and obligations in this lease contained, shall be binding upon the heirs, executors, administrators, and assigns of the Lessee.

ARTICLE X

Lessee may terminate this lease at any time upon giving three (3) months' notice in writing to the Lessor and upon payment of all rents and royalties and other sums due and payable to the Lessor, and upon complying with the terms of this lease with respect to the preservation of the workings in such order and condition as to permit of the continued operation of the leased premises.

ARTICLE XI

Lessor, its officers and agents, shall have the right at all times to go in and upon the leased lands and premises, during the term of said lease to inspect the work done and the progress thereof on said lands and the products obtained therefrom, and to post any notices on the said land that it may deem fit and proper; and also shall permit any authorized representatives of the Lessor to examine all books and records pertaining to operations under this lease, and to make copies of and extracts from the same, if desired.

ARTICLE XII

This lease is issued only under such title as the State of Utah may now hold, and that in the event the State is hereafter divested of such title, the Lessor shall not be liable for any damages sustained by the Lessee, nor shall the Lessee be entitled to or claim any refund of rentals or royalties or other monies theretofore paid to the Lessor.

ARTICLE XIII

If the Lessee shall initiate or establish any water right on the leased premises, such right, shall become an appurtenance of the leased premises, and, upon the termination of the lease, the Lessee shall convey the right to the Lessor.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names the day and year first above written.