Kane County GIS/Transportation Dept.
Kane County Courthouse
76 N. Main St.
Kanab, Utah 84741
(435)-644-4968 (OFFICE)
(435) 644-2052 (FAX)
gis@kane.utah.gov

Dana Dean
Associate Director
Utah Division of Oil, Gas and Mining
1594 W. North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

Dear Ms. Dean:

This letter serves as notice that in November, 2015, the Kane County Road Department intends to commence construction on the public road that will provide a new route around the Coal Hollow Mine site for County Road K 3900. The work will occur outside the mine permit boundaries for the proposed North Lease Project Area. By agreement between the parties, crews and equipment from Alton Coal Development, LLC ("Alton Coal") will perform much of the road-building work under the supervision of the County. The right of way for the new segment of public road K 3900 is held by Kane County and the road will be constructed to County specifications for other public roads in the area.

The existing alignment of County Road K 3900 through the NE 1/4, section 13, T. 39 S, R. 6 W. of Kane County within the proposed permit area, will remain open to the public until the bypass is complete and the North Lease Project Area mine permit is issued. Until that time, the newly-constructed bypass road will remain barricaded. Public notice of the road relocation was advertised in the local paper.

Please convey this information to members of the Division who will be visiting or inspecting the mine location. Should you or your staff have any questions, I can be contacted at 435-644-4968.

Sincerely,

Louis Pratt
Kane County Kane County Transportation/GIS Director
76 N Main St
Kanab, Utah 84741

Cc:
Kane County Commission
Heaton Brother, LLC
Larry W. Johnson, Alton Coal

WHEN RECORDED, RETURN TO:

Kane County Attorney
76 North Main Street
Kanab, Utah 84741

GRANT OF EASEMENT
FOR COUNTY ROAD K3900

THIS GRANT OF EASEMENT FOR COUNTY ROAD **K3900** (also referred to as County Road 136) (this "**Agreement**") is made and entered into as of the 18 day of Sept, 2015 (the "**Effective Date**"), by and between **HEATON BROTHERS, LLC,** ("**Grantor**" or "**Heaton Brothers**"), and **ALTON COAL DEVELOPMENT, LLC**, a Nevada limited liability company, ("**Alton**" or "**Grantor**") and Kane County, a political subdivision of the State of Utah ("**County**" or "**Grantee**"). Grantor, Grantee, Alton and County are sometimes hereinafter referred to as a "**Party**" and collectively referred to as the "**Parties.**"

RECITALS

A. County Road **K3900** currently intersects the Coal Hollow Mine North Private Lease Area crossing lands owned by Heaton Brothers, LLC ("**Heaton Brothers Property**") and leased by Alton ("**North Private Lease Area**," described at **Exhibit A** to this Agreement).

B. Approximately 0.6 miles of County Road will be temporarily relocated to allow for Alton's mining operations. This relocated section begins approximately 0.8 miles south of the Town of Alton and will reconnect with the original road approximately 1.4 miles south of the Town. The proposed relocation of the County road is within the North East Quarter, Section 13, Township 39 South, Range 6 West, SLB&M, Kane County, more particularly described on **Exhibit B** to this Agreement (the "**Temporary Relocation Easement Area**").

C. Alton intends to conduct coal mining activities on certain portions of the Heaton Brothers Property and following mining of these lands, seeks to replace the right of way for County Road **K3900** across the Heaton Brothers Property within an area described at Exhibit C to this Agreement (the "**Replacement Easement Area**").

D. Alton and Kane County ("**County**") have entered into an agreement regarding the relocation and replacement of County Road **K3900** ("**County Road K3900 Agreement**").

E. This Agreement seeks to grant an easement and right of way from Grantors on the North Private Lease Area and the Alton lease area to the County for temporary relocation and replacement of County Road **K3900.**

F. The Temporary Relocation Easement Area and the Replacement Easement Area burden certain portions of the North Private Lease Area more particularly described on Exhibits B and C and depicted on the maps and diagrams attached at **Exhibit D** to this Agreement (jointly referred to as the "**Easement Areas**").

G. Following mining and upon replacement of County Road **K3900** within the Replacement Easement, and removal of the County Road **3900** from the Temporary Relocation Easement Area, the County intends to reconvey the Temporary Relocation Easement Area to Grantors.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Grant of Temporary Relocation Easement. Grantors hereby grant to the County a temporary, exclusive easement and right of way 66 feet in width for County Road **K3900** over, across, upon and within any area within the outlying boundaries within the Easement Area, for the purpose of constructing, owning, operating, maintaining, repairing and relocating County Road **K3900** (Temporary Relocation Easement Area).

2. Grant of Replacement Easement. Grantors hereby grant to the County a perpetual, exclusive easement and right of way 66 feet in width for County Road **K3900** over, across, upon and within any area within the outlying boundaries within the Easement Area, for the purpose of constructing, owning, operating, maintaining, repairing and replacing County Road **K3900** (Replacement Easement Area).

3. Construction and Use Requirements as Provided by the County Road K3900 Agreement. The County Road **K3900** within the Easement Area shall be constructed in accordance with County specifications and shall be owned by the County, and operated and maintained by County without any cost, expense or obligation on the part of Grantors. Further, the parties agreed to provide each other with written notice prior to commencing construction within the Easement Areas.

4. Obstructions. Grantors, by the terms of said agreement, shall not construct any fence, wall, or other barrier or structure of any kind on the Easement Areas which would prevent, obstruct or impair County's use and enjoyment of the Easement Areas and the operation of County Road **K3900.**

5. Term. The duration of this Agreement shall be perpetual unless all Parties mutually agree in writing to terminate this Agreement.

6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

7. Notices. All notices, requests, demands or other communications hereunder shall be in writing and deemed given when delivered personally, when deposited to be sent via a nationally-recognized overnight courier keeping receipts of delivery, service prepaid or billed to sender, or on the day said communication is deposited with an overnight courier service, postage prepaid, addressed as follows:

To County: Kane County Commission
76 North Main Street
Kanab, Utah 84741

With a copy to: Kane County Attorney
76 North Main Street
Kanab, Utah 84741

To Grantee: ALTON COAL DEVELOPMENT, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720
Attention: Larry W. Johnson

With a copy to: Denise A. Dragoo, Esq.
Snell & Wilmer L.L.P.
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

To Grantor: Heaton Brothers, LLC
449 South 2050 West
Cedar City, Utah 84720

or to such other address as either Party may from time to time designate by notice in writing to the other Party. Rejection, refusal to accept delivery or inability to deliver due to changed address of which no notice has been given shall be deemed receipt by the addressee.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without giving effect to its choice of law principles.

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as an original but all of which together shall constitute one and the same instrument.

10. Entire Agreement. This Agreement supersedes all prior understandings, representations and agreements between the Parties with regard to the subject matter hereof and there are no other understandings, representations, warranties or agreements between them.

11. Amendment. Neither this Agreement nor any provision hereof may be changed, amended, modified, waived or discharged orally or by any course of dealing, but only by an instrument in writing signed by the Party against which enforcement of the change, amendment, modification, waiver or discharge is sought.

12. Authority. Each party hereto hereby represents, warrants and covenants unto the other that this Agreement has been duly authorized, executed and delivered by such party and constitutes the valid, legal and binding agreements and obligations of such party enforceable against such party in accordance with the terms hereof.

13. No Joint Venture. Nothing in this Agreement shall be construed to make the Parties partners or joint venturers or render any of the Parties liable for the debts or obligations of the other.

14. Agreement to Run with the Land; Running of Benefits and Burdens. All provisions of this Agreement touch, concern and run with the Heaton Brothers, LLC properties, tracts 9-6-13-1 and 9-6-13-2 and Easement Area and are binding upon and inure to the benefit of the successors and assigns of Grantor and Grantee.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

Grantor:

HEATON BROTHERS, LLC

By: Ronald L. Heaton
Its: President

Grantor:

ALTON COAL DEVELOPMENT, LLC

By: Tommy W. Sa
Its: General Manager

Grantee:

KANE COUNTY

By: [illegible]
Chairman, Kane County Commission

STATE OF UTAH)
: ss.
COUNTY OF IRON)

The foregoing instrument was acknowledged before me this 18 day of Sept, 2015, by Larry W. Johnson, Manager of ALTON COAL DEVELOPMENT, LLC, a limited liability company.

Sherrie Prisbrey
NOTARY PUBLIC
Residing at: Cedar City Ut

My Commission Expires:

9/26/2015

SHERRIE PRISBREY
Notary Public
State of Utah
Comm. No. 648903
My Comm. Expires Sep 26, 2015

STATE OF UTAH)
: ss.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this 18 day of Sept, 2015, by Ronald W. Heaton, President/Manager of HEATON BROTHERS, LLC, a limited liability company.

Sherrie Prisbrey
NOTARY PUBLIC
Residing at: Cedar City Ut

My Commission Expires:

9/26/2015

SHERRIE PRISBREY
Notary Public
State of Utah
Comm. No. 648903
My Comm. Expires Sep 26, 2015

RH

STATE OF UTAH)
: ss.
COUNTY OF KANE)

The foregoing instrument was acknowledged before me this 21st day of September 2015, by Douglas K. Healon, Chairman of KANE COUNTY COMMISSION.

SEAL COUNTY CLERK/AUDITOR BE JUST KANE COUNTY STATE OF UTAH

Karla Luson
NOTARY PUBLIC
Residing at: 76 N Main Kanab, Ut 84741

My Commission Expires:
12/31/18

Kane County Clerk/Auditor
Attest: The foregoing instrument was acknowledged before me
by: Douglas K Healon
on Sept 21, 2015
SEAL:

RH
Jug

EXHIBIT A

Legal Description of the North Private Lease Area

The following described lands located in Kane County, Utah within Sec. 12 &13, T39S, R6W and within Sec. 7 &18, T39S, R5W:

Beginning at S 58^0 16' 29" W a distance of 1,920.87 ' from Section Corner 7-18-12-13, T39S, R5 R6W;thence N 89°29'27\ W a distance of 823.81'; thence S 00°00'38\ E a distance of 1313.93'; thence S 65°46'32\ E a distance of 479.40'; thence S 89°44'30\ E a distance of 1861.86'; thence S 54°58'33\ E a distance of 226.53'; thence S 89°45'07\ E a distance of 1235.50'; thence N 00°41'09\ E a distance of 1322.97'; thence N 00°41'09\ E a distance of 1322.97'; thence S 89°30'20\ E a distance of 241.42'; thence N 00°51'49\ E a distance of 1323.52'; thence N 89°22'59\ W a distance of 249.30'; thence N 89°56'02\ W a distance of 2923.34'; thence S 00°24'59\ W a distance of 2326.09'; which is the point of beginning, having an area of

12,877,780.47 square feet, or **295.633 acres**

EXHIBIT B

Legal Description of the Temporary Relocation Easement

HEATON BROTHERS, LLC LEASE AREA DESCRIPTION:

BEGINNING AT A POINT N52°09'23"E 4413.80 FEET FROM THE WEST QUARTER CORNER SECTION 13 TOWNSHIP 39 SOUTH RANGE 6 WEST SALT LAKE BASE AND MERIDIAN SAID POINT BEING THE CENTERLINE OF A PROPOSED BY PASS ROAD EASEMENT AND THE CENTERLINE OF AN EXISTING COUNTY ROAD; RUNNING THENCE ALONG THE BYPASS ROAD CENTERLINE THE FOLLOWING COURSES: S14°39'53"W 89.62 FEET TO THE PC OF A CURVE TO THE RIGHT; CURVE DATA: TANGENT 16.90' CHORD 33.75' COURSE N17°53'22"E RADIUS 300.00' DELTA 6°26'58" THENCE ALONG SAID CURVE 33.77 FEET TO THE PT; THENCE S21°06'51"W 192.60 FEET TO THE PC OF A CURVE TO THE RIGHT CURVE DATA: TANGENT 16.78' CHORD 127.38' COURSE N33°22'18"E RADIUS 300.00' DELTA 24°30'54" THENCE ALONG SAID CURVE 128.36 FEET TO THE PT; THENCE S45°37'44"W 469.48 FEET TO THE PC OF A CURVE TO THE LEFT; CURVE DATA: TANGENT 60.63' CHORD 118.85' COURSE S34°12'15"W RADIUS 300.00' DELTA 22°50'59" THENCE ALONG SAID CURVE 119.64 FEET TO THE PT; THENCE S22°46'45"W 228.51 FEET TO THE PC OF A CURVE TO THE LEFT; CURVE DATA: TANGENT 60.15' CHORD 117.95' COURSE S11°26'31"W RADIUS 300.00' DELTA 22°40'28" THENCE ALONG SAID CURVE 118.72 FEET TO THE PT; THENCE S00°06'16"W 256.42 FEET TO THE SOUTH LINE OF THE HEATON BROTHERS PROPERTY AND THE POINT OF ENDING.

ALTON COAL, LLC NORTH PRIVATE PERMIT LEASE AREA DESCRIPTION:

BEGINNING AT A POINT N65°11'15"E 3082.87 FEET FROM THE WEST QUARTER CORNER SECTION 13 TOWNSHIP 39 SOUTH RANGE 6 WEST SALT LAKE BASE AND MERIDIAN SAID POINT BEING THE CENTERLINE OF A PROPOSED BY PASS ROAD EASEMENT AND THE NORTH LINE OF THE NORTH PRIVATE PERMIT LEASE AREA PROPERTY; RUNNING THENCE ALONG SAID CENTERLINE THE FOLLOWING COURSES: S00°06'16"W 870.32 FEET TO THE PC OF A CURVE TO THE LEFT; CURVE DATA: TANGENT 398.58' CHORD 564.68' COURSE S44°47'37"E RADIUS 400' DELTA 89°47'48" THENCE ALONG SAID CURVE 626.90 FEET TO THE PT; THENCE S89°41'31"E 1877.24 FEET TO THE PC OF A CURVE TO THE RIGHT CURVE DATA: TANGENT 72.39' CHORD 140.74; COURSE S76°07'33"E RADIUS 300' DELTA 27°07'56" THENCE ALONG SAID CURVE 142.06 FEET TO THE PT; THENCE S62°33'35"E 76.59 FEET TO THE SOUTH LINE OF THE NORTH PRIVATE PERMIT LEASE AREA PROPERTY AND THE POINT OF ENDING.

EXHIBIT C

Legal Description of the Replacement Easement Area

BEGINNING AT A POINT N52°09'23"E 4413.80 FEET FROM THE WEST QUARTER CORNER SECTION 13 TOWNSHIP 39 SOUTH RANGE 6 WEST SALT LAKE BASE AND MERIDIAN SAID POINT BEING THE CENTERLINE OF THE REPLACEMENT ROAD EASEMENT AND THE CENTERLINE OF AN EXISTING COUNTY ROAD; RUNNING THENCE: S14°35'54"W 108.41 FEET; THENCE S11°35'34"W 111.22 FEET; THENCE S02°19'40"E 321.46 FEET; THENCE S13°27'08"E 444.10 FEET; THENCE S21°28'04"E 166.43 FEET; THENCE S42°42'54"E 323.24 FEET; THENCE S55°58'34"E 441.32 FEET; THENCE S52°00'18"E 312.75 FEET; THENCE S41°32'11"E 367.14 FEET; THENCE S31°48'12"E 407.12 FEET; THENCE S42°55'54"E 293.06 FEET; THENCE S55°10'16"E 217.66 FEET; THENCE S60°36'13"E 207.50 FEET TO THE SOUTH LINE OF THE NORTH PRIVATE PERMIT LEASE AREA PROPERTY AND THE POINT OF ENDING.
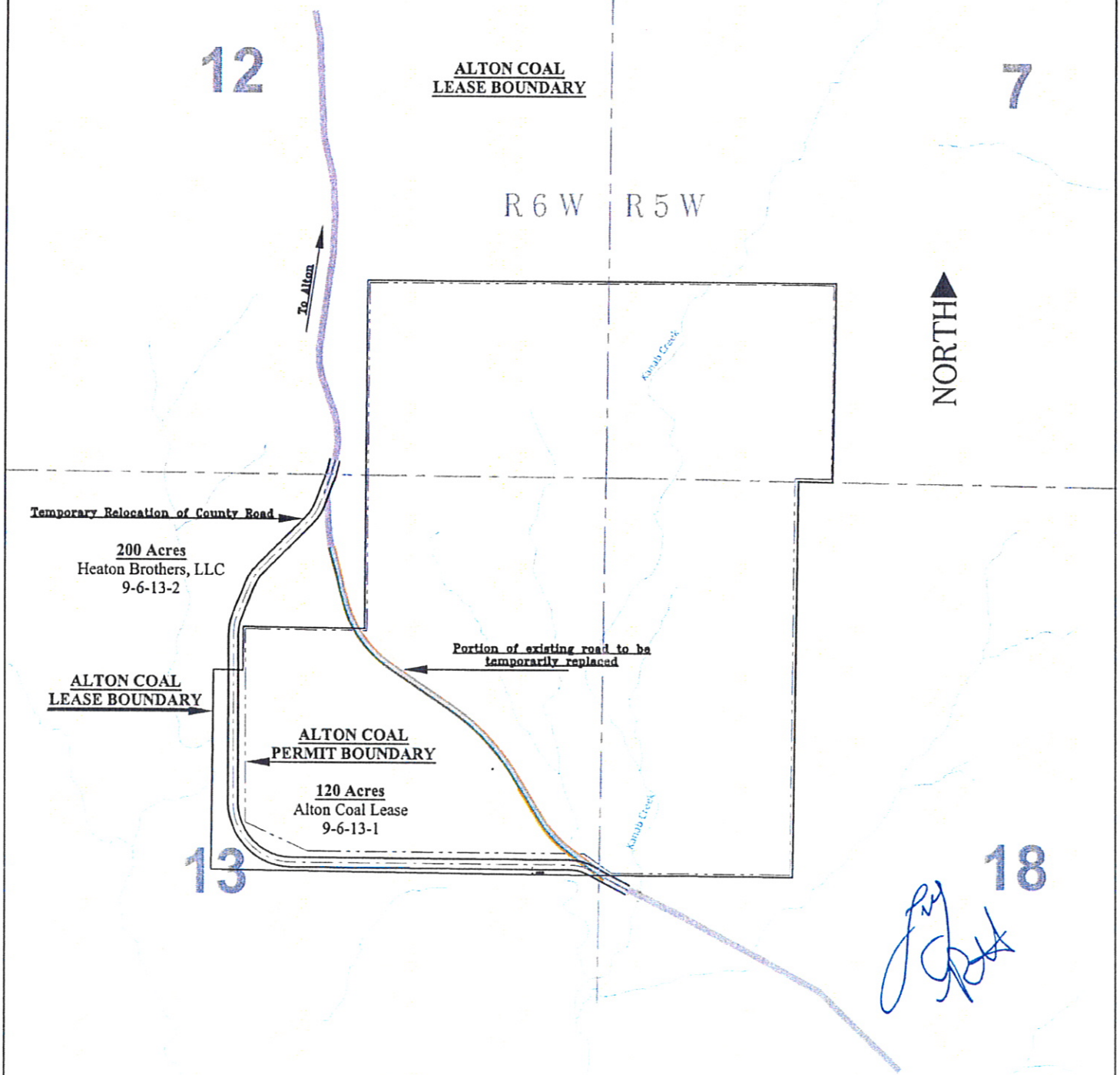
EXHIBIT D
Map of Easement Areas