

Document Information Form

Mine Number: C/043/001

File Name: Incoming

To: DOGM

From:

Person N/A

Company N/A

Date Sent: JAN 16, 1992

Explanation:

COAL MINING LEASE

cc:

File in: C/043/001, 1992 Incoming

Refer to:

- Confidential
- Shelf
- Expandable

Date _____ For additional information

0007

COAL MINING LEASE

THIS COAL MINING LEASE, notwithstanding the date or dates of execution, is made and entered into to be effective April 1, 1988 by and between DAVID S. PERRY and HAZEL PERRY, ARVELLE C. NIELSEN and RAMONA B. NIELSEN, and VERL S. PERRY and NELDA S. PERRY, hereinafter referred to as "Lessor", and KEITH H. BATES and his assigns, hereinafter referred to as "Lessee".

1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency whereof is acknowledged by Lessor, the royalties provided and the covenants and agreements of the parties hereinafter contained does hereby grant, lease, let and demise unto Lessee and to the heirs, personal representatives and assigns of Lessee, the sole and exclusive right to enter upon and take possession of the lands hereinafter described for the purpose of exploring, prospecting for, excavating pits, holes, and shafts, extracting, mining, processing, storing, transporting and removing therefrom, coal that is or that may be found in, upon or under the said lands located in Summit County, State of Utah, as follows, to wit:

The South half of the Northeast Quarter and the North half of the Southeast Quarter of Section 36, Township 3 North, Range 6 East, Salt Lake Base and Meridian,

containing 160 acres of land, more or less, hereinafter called the "leased Land."

(a) Lessor warrants that it is the owner of all of the oil and mineral rights in and to the leased land and to the

803- 483-605 - 611

RED NOTE 272634
Keith Bates
88 JUL -8 AM 11:16
ALAN SPRIGGS
SUMMIT COUNTY RECORDER
REC'D BY *Alan* 15:00

15.00

RECEIVED

JAN 16 1992

DIVISION OF OIL GAS & MINING

- File in:
 - Confidential
 - Shelf
 - Expandable

Refer to Record No. 0007 Date 1-16-92

In C/043/001, 1992 Incoming

For additional information

States mail with postage prepaid to the last known address of Lessor and payment of all royalties due and payable to Lessor.

4. (a) Lessee will pay to Lessor, or to the credit of Lessor in the Central Bank & Trust Company Bank at Provo, Utah, or its successor, a royalty hereunder for coal produced and sold from the leased land during each calendar month, as follows:

(i) Twenty cents (.20) per ton (2,000 lb.) if production averages three hundred (300) tons or more per working day.

(ii) Twenty-five cents (.25) per ton (2,000 lb.) if production averages less than three hundred (300) tons per working day.

Payment of royalties to Lessor shall be made not less often than quarterly while the mine is in production, each payment to be made within fifteen (15) days following the end of the calendar quarter during which coal has been mined and sold from the leased land.

(b) Lessee agrees to pay to Lessor or to the credit of Lessor in the above named Bank, a minimum royalty of Three Thousand Six Hundred Dollars (\$3,600.00) payable at the rate of \$300.00 per month beginning on July 1, 1988, with succeeding minimum royalty payments of \$300.00 per month made on or before the 10th day of each succeeding month while the lease remains in force. The production royalties provided for in paragraph 4(a) above shall be credited against the minimum royalty payments provided in this paragraph.

5. Lessee shall not mine nor develop the leased land except in accordance with good mining practice and in conformity with applicable State and Federal regulations. Lessee shall maintain mine maps, books, records and accounts all in accordance with good mining practice, which said books, records and accounts, including production records, shall be available for inspection and copying by Lessor at Lessee's principal place of business at all reasonable times during normal working hours.

6. Lessee agrees to keep the leased land free from liens or encumbrances, including mechanics and materialmen's liens, arising out of its coal mining operations. Lessee shall save Lessor harmless from any and all liability for taxes, environmental liabilities, reclamation obligations and assessments arising from the conduct of Lessee's coal mining operations on the leased land. Further, Lessee agrees to save Lessor harmless from all liability to third persons for injuries sustained by them or to their property or claimed so to be by reason of mining operations of Lessee. Lessee agrees to save Lessor harmless from any claim or claims for damages to the surface of the leased land resulting from Lessee's operations asserted by the owners of the surface, excepting herefrom only that portion of the surface of the leased land needed for mining operations required to be furnished to Lessee under paragraph 2(a) above.

7. Failure of the Lessee to make timely payments of any sums due Lessor hereunder and Lessee's failure to correct any

default hereunder within thirty (30) days after notice in writing from lessor of said failure or of said default, shall be cause for termination of this lease by Lessor. In the event of such failure to pay or to correct any default after notice in writing as above provided, Lessor may forthwith retake possession of the lands hereinabove described without waiving any other legal rights to collect sums due and owing to Lessor which may have accrued or to any damage which Lessor may have sustained by reason of defaults by Lessee in obligations under this lease. The retaking of possession of the leased land by lessor in accordance with the provisions of this paragraph shall constitute termination of this lease. Provided all payments due Lessor have been made, Lessee shall have the right, for a period of six (6) months following termination of the lease, to remove all machinery and equipment installed on the leased lands by lessee.

8. No change in the ownership of the leased land or the right to receive the payments to Lessor hereunder shall be binding upon Lessee until thirty (30) days after Lessee shall have received in its principal place of business, the original or certified copies of all instruments necessary to establish such change of ownership. This lease shall be binding upon the parties hereto, their heirs, personal representatives, successors and assigns.

9. Joinder hereunder by the spouse of any one or more persons constituting the Lessor is for the purpose and intent of committing to this lease and of releasing and waiving any and all

dower, homestead exception and other rights conferred upon or reserved to such spouse by the laws of the State of Utah.

Executed to be effective as of the day and year hereinabove first appearing.

Lessor
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

Lessee
Keith H. Bates

STATE OF UTAH)
:ss.
COUNTY OF SALT LAKE)

On the 18 day of MAY, A.D., 1988 personally appeared before me DAVID S. PERRE

the Lessors who have signed the foregoing instrument, who duly acknowledged to me that they executed the same as their free act and deed.

Shirley Leard
Notary Public
Residing at:
Salt Lake County, Utah

My commission expires:
3-22-89

STATE OF UTAH)
:ss.
COUNTY OF Kane)

209-483-610

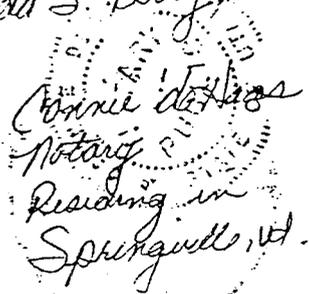
On the 23 day of June, A.D., 1988 personally appeared before me AC Joe Nielson & Ramona M. Nielson

the Lessors who have signed the foregoing instrument, who duly acknowledged to me that they executed the same as their free act and deed.

Shirley M. Little
Notary Public
6 My Commission expires
11-16-90

On June 27th 1988
Personally appeared before
me: Hazel Perry, Carl S.
Perry + Alda S. Perry,

Commission
expires:
7-20-90


Christine Taylor
Notary
Reading in
Springfield, VT.

800-483-611