

Addendum 303.o-7

Carbone Amendment

MT State Coal Leases

Memorandum

January 5, 2001

Dick Turpin..

RE: Carbone Lease

Enclosed for filing are the originals of the following documents related to the Carbone leasehold:

1. State of Montana coal lease C-1099-00, dated November 20, 2000
2. State of Montana coal lease C-1100-00, dated November 20, 2000
3. State of Montana coal lease C-1101-00, dated November 20, 2000

Additionally, I have provided a copy of the Mitigation Agreement and Letter of Credit between the BLM, MDFWP, and SCCC.

If you have any questions, please advise.

A handwritten signature in cursive script, appearing to read 'Curt Weittenhiller'.

Curt Weittenhiller
General Manager
Spring Creek Coal

xc: Mike Kegley w/enclosures
~~Reid Miller w/enclosures~~
Tim Fagley w/enclosures

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

TRUST LAND MANAGEMENT DIVISION



STEVE BULLOCK, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE: (406) 444-2074
FAX: (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

March 25, 2020

Arrowhead I LLC
Spring Creek Coal LLC
c/o Gilbert Nathan
15 Sandhopper Trail
Westport, CT 06880

Navajo Transitional Energy Company, LLC
385 Interlocken Crescent, Suite 400
Broomfield, CO 80021

RE: Assignment of State of Montana Coal Leases C-1093-16, C-1088-15, C-1099-00, C-1100-00, and C-1101-00 from Arrowhead I LLC and from Spring Creek Coal LLC to Navajo Transitional Energy Company, LLC

Dear Assignor and Assignee:

Enclosed are your approved assignments for the above referenced coal leases. Our records now reflect the following lease ownership:

Navajo Transitional Energy Company, LLC 100%

If you have any questions or do not agree with our records, please contact Trevor Taylor at TTaylor2@mt.gov or (406) 444-9518.

Sincerely,

Julie Mason

Julie Mason, Supervisor
Mineral Leasing Section
Minerals Management Bureau

Enclosures

DIRECTOR'S
OFFICE
(406) 444-2074

CONSERVATION & RESOURCE
DIVISION
(406) 444-6667

OIL & GAS
DIVISION
(406) 444-6675

TRUST LAND MANAGEMENT
DIVISION
(406) 444-2074

PLEASE RETURN IN TRIPLICATE WITH ORIGINAL SIGNATURES
**ASSIGNMENT OF STATE OF MONTANA
COAL LEASE**

Montana Coal Lease Number C-1101-00 Township 8 S Range 39 E Section 23

(Description) N1/2N1/2NW1/4, NW1/4NW1/4NE1/4

Big Horn County, Montana, containing 50 acres, more or less.

For consideration received, Spring Creek Coal LLC, the undersigned assignor, now being the holder of 100 % of the entire working interest of the above-described State of Montana Coal Lease, hereby assigns to Navajo Transitional Energy Company, LLC

100 % of the entire working interest in and under the above described State of Montana Coal Lease.

If less than 100% of the entire working interest
of the lease is assigned, the designated agent is:

ASSIGNOR: NA Hill

BY: Heath A. Hill

DATE: 10/24, 20 19

(Must be a current lessee)

ASSIGNOR'S ACKNOWLEDGEMENT

STATE OF Colorado)

County of Broomfield)

ss:

On this 24 day of October, 20 19, before me, the undersigned, a Notary Public for the State of Colorado, personally appeared Heath A. Hill, known to me to be (check personal or corporate and fill in corporate assignor's title, as appropriate):

☐ PERSONAL: the person(s) whose name(s) is (are) subscribed to the foregoing coal lease assignment, and acknowledged to me that he (she) (they) executed the same.

☒ CORPORATE: the CFO of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.



Stephanie A. Houston
Notary Public for the State of Colorado
Residing at 385 Interlocken Crescent Broomfield
My Commission expires 4/19/22

ASSIGNEE'S ACCEPTANCE OF OBLIGATIONS

The assignee of the interest conveyed above hereby accepts the rights, duties, and obligations inherent in the working interest ownership of the above-described State of Montana Coal Lease.

ASSIGNEE: Clark Moseley

BY: Clark Moseley

DATE: 10/29, 20 19

ASSIGNEE'S ACKNOWLEDGEMENT

STATE OF Colorado)

County of Broomfield)

ss:

On this 29th day of October, 20 19, before me, the undersigned, a Notary Public for the State of Colorado, personally appeared Clark Moseley, known to me to be (check personal or corporate and fill in corporate assignee's title, as appropriate):

☐ PERSONAL: the person(s) whose name(s) is (are) subscribed to the foregoing coal lease assignment, and acknowledged to me that he (she) (they) executed the same.

☒ CORPORATE: the CEO of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

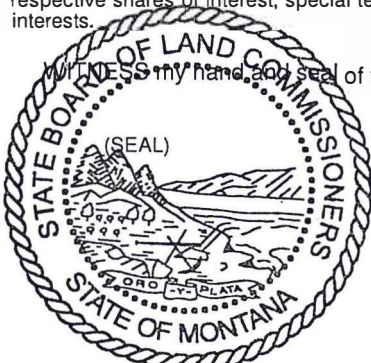


Stephanie A. Houston
Notary Public for the State of
Residing at
My Commission expires 4/19/22

APPROVAL OF ASSIGNMENT

On behalf of the State Board of Land Commissioners, I, John E. Tubbs, the Director of the Department of Natural Resources and Conservation, hereby approve the foregoing State of Montana Coal Lease Assignment, as a transfer of title only and without recognition of respective shares of interest, special terms and conditions, any assignment of lease obligations and responsibilities, overriding royalties or other interests.

WITNESS my hand and seal of the State Board of Land Commissioners hereunto affixed this date MAR 24 2020



John E. Tubbs by Monte Mass
Director of the Montana Department of Natural Resources and Conservation

STATE OF MONTANA

COAL LEASE

C-1101-00

THIS LEASE, is made and entered into between the State of Montana, by and through its lawfully qualified and acting Board of Land Commissioners, hereinafter referred to as "Lessor", and

Spring Creek Coal Company
P.O. Box 67
Decker, MT 59025

hereinafter referred to as "Lessee", under and pursuant to the authority granted Lessor by the terms and provisions of Section 77-3-301, et seq., MCA, all acts amendatory thereof and supplementary thereto, and all rules adopted pursuant thereto.

IT IS MUTUALLY UNDERSTOOD, AGREED AND COVENANTED BY AND BETWEEN THE PARTIES TO THIS LEASE AS FOLLOWS:

1. **GRANTING CLAUSE.** The Lessor, in consideration of the rents and royalties to be paid and the conditions to be observed as hereinafter set forth does hereby grant and lease to the Lessee, for the purpose of mining and disposing of coal and constructing all such works, buildings, plants, structures and appliances as may be necessary and convenient to produce, save, care for, dispose of and remove said coal, and for the reclamation thereafter, all the lands herein described, as follows:

Land located in Big Horn County

Description of land: Township 8 South, Range 39 East
Section 23: N2N2NW, N4N4NE

Total Number of Acres: 50, more or less, belonging to
School grant.

All rights granted to Lessee under this Lease are contingent upon Lessee's compliance with the Montana Strip Mine Siting Act and the Montana Strip and Underground Mine Reclamation Act (Title 82, Chapter 4, Parts 1 and 2, MCA). If these acts are repealed subsequent to the issuance of this Lease, all rights granted Lessee are contingent upon Lessor review and approval of Lessee's mine operation and reclamation plan. The rights granted under this Lease are further subject to agency responsibilities and authority under the provisions of the Montana Environmental Policy Act.

2. **EFFECTIVE DATE AND TERM.** This lease takes effect on November 20, 2000 and is granted for a primary term of ten (10) years and so long thereafter as coal is produced from such lands in commercial quantities, subject to all of the terms and conditions herein set forth. A lease not producing coal in commercial quantities at the end of the primary term shall be terminated, unless the leased lands are described in a strip mine permit issued under Section 82-4-221, MCA, or in a mine site location permit under Section 82-4-122, MCA, prior to the end of the primary term, and the lease shall not be terminated so long as said lands are covered and described under valid permit.

3. **RIGHTS RESERVED.** Lessor expressly reserves the right to sell, lease, or otherwise dispose of any interest or estate in the lands hereby leased, except the interest conveyed by this Lease; provided, however, that Lessor hereby agrees that subsequent sales, leases or other dispositions of any interest or estate in the lands hereby leased shall be subject to the terms of this Lease and shall not interfere with the Lessee's possession or rights hereunder.

4. **BOND.** Lessee shall immediately upon the execution of this Lease furnish a surety bond in the amount of \$1,000, conditioned upon compliance with the provisions of this Lease, or, in the option of the Lessor, a cash deposit in the amount of \$1,000, or an irrevocable letter of credit in a form approved by Lessor drawn upon an approved bank in the same amount. All rentals, royalties and interest must be paid and all disturbance must be reclaimed to the satisfaction of Lessor prior to release of any bond. Additional bonding may be required, or reduced bonding allowed, whenever Lessor determines it is necessary, or sufficient, to ensure compliance with this Lease.

5. **RENTAL.** Lessee shall pay Lessor annually, in advance, for each acre or fraction thereof covered by this Lease, beginning with the date this Lease takes effect, an annual money rental of \$3.00 per acre. Rental terms are subject to readjustment as provided in Paragraph 7, but in no case shall it be less than two (2) dollars per acre.

6. **ROYALTY.** Lessee shall pay Lessor in money or in kind at Lessor's option a royalty on every short ton (2,000 pounds) of coal mined and produced during the term of this Lease, calculated upon the f.o.b. mine price of the coal prepared for shipment, including production-based taxes. Lessee shall pay a royalty of 12.5% upon coal removed by strip, surface, or auger mining methods and a royalty of 10.0% for coal removed by underground mining methods. Royalty terms are subject to review and readjustment as provided in Paragraph 7, but in no case shall the royalty for the coal mined be less than ten (10) percent of the f.o.b. price of a ton prepared for shipment.

7. **READJUSTMENT OF RENTAL AND ROYALTY TERMS.** The rental and royalty terms of this Lease shall be subject to readjustment to reflect fair market value at the end of the primary term of ten (10) years) and at the end of each five (5) year period thereafter if the lease is producing coal in commercial quantities.

8. **OFFSETTING PRODUCTION.** The obligation of Lessee to pay royalties under this Lease may be reduced by the Board for coal produced from any particular tract within the Lease upon a showing by Lessee to the Board that the coal is uneconomical to mine at prevailing market prices and operating costs unless Lessor's royalty is reduced. Under no circumstances may Lessor's royalty be reduced below ten (10) percent of the coal produced and sold f.o.b. the mine site, prepared for shipment, including taxes based on production or value.

Revised 1/01; Ref - Carbone Amendment

303L-2

9. **LESSOR NOTIFICATION AND REPORTS.** Lessee shall notify Lessor prior to the commencement of any prospecting, exploration, development or production operations. As soon as any mining operations are commenced, Lessee shall submit to Lessor, on or before the last day of each month, a royalty report and payment covering the preceding calendar month, which report shall be in such form and include such information as Lessor shall prescribe. Upon request, Lessee shall also furnish to Lessor, reports, plats, and maps showing exploration data, development work, improvements, amount of leased deposits mined, contracts for sale and any other information with respect to the land leased which Lessor may require. Lessor's point of contact for all matters related to this Lease is:

Department of Natural Resources & Conservation
Minerals Management Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, MT 59620-1601

Lessor will notify Lessee of any subsequent change in point of contact.

10. **INSPECTION.** Representatives of the Lessor shall at all times have the right to enter upon all parts of the leased premises for the purposes of inspection, examination, and testing that they may deem necessary to ascertain the condition of the Lease, the production of coal, and Lessee's compliance with its obligations under this Lease. Representatives of Lessor shall also, at all reasonable hours, have free access to all books, accounts, records, engineering data, and papers of Lessee insofar as they contain information relating to the production of coal under this Lease, the price obtained therefor, and the fair market value of the production. Lessor shall also have free access to agreements relating to production of coal under this Lease. Lessor may copy at its own expense any book, account, record, engineering data, papers, or agreements to which it has access pursuant to this paragraph.

11. **CONFIDENTIALITY.** Lessor agrees that Lessee may request any materials obtained by Lessor pursuant to this Lease be designated as confidential. Lessor shall agree to keep any information so designated strictly confidential if Lessor determines that confidentiality is not unlawful. Further, the parties agree that the information Lessee is obliged to provide pursuant to this Lease is only that information relating to the reasonable administration and enforcement by Lessor of the provisions of this Lease and state law.

12. **ASSIGNMENT.** This Lease may not be assigned without the prior approval of Lessor in writing. Assignments must be made in accordance with any statutes or administrative rules pertaining to assignments in effect at the time of assignment. Assignments may not extend the expiration date of this Lease.

13. **TERMINATION.** Lessee may surrender and relinquish this Lease by giving written notice to the Board at least thirty (30) days previous to the anniversary date of the Lease. It is understood and agreed that the Lessor hereby reserves the right to declare this Lease forfeited and to cancel the same through the Board of Land Commissioners upon failure of Lessee to fully discharge all the obligations provided herein, after written notice from the Department and reasonable time fixed and allowed by it to Lessee for the performance of any undertaking or obligation specified in such notice concerning which Lessee is in default. Lessee, upon written application therefor, shall be granted a hearing on any notice or demand of the Department before the Lease may be declared forfeited or canceled.

14. **SURRENDER OF PREMISES.** Upon the termination of this Lease for any cause, Lessee shall surrender possession of the leased premises to Lessor, subject to Lessee's right to re-enter (1) for the purpose of removing all machinery and improvements belonging to Lessee, hereby granted at any time within six (6) months after the date of such termination, except those improvements as are necessary for the preservation of the deposit and access to the deposit, which improvements shall become the property of Lessor; and (2) for the purpose of complying with State and Federal laws adopted pursuant to the police power of State or Federal government. If any of the property of Lessee is not removed from the leased premises as herein provided, the same shall be deemed forfeited to Lessor and become its property.

15. **PROTECTION OF THE SURFACE, NATURAL RESOURCES, AND IMPROVEMENTS.** Lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) causing or contributing to soil erosion or damaging any forage and timber growth thereon; (2) polluting the waters of springs, streams, wells, or reservoirs; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging range improvements whether owned by Lessor or by its grazing permittees or lessees. Upon any partial or total relinquishment or the cancellation or expiration of this Lease, or at any other time prior thereto when required by Lessor and to the extent deemed necessary by Lessor, Lessee shall fill any sump holes, ditches and other excavations, remove or cover all debris, and, so far as reasonably possible, reclaim the disturbed area to a condition in keeping with the concept of the best beneficial use, including the removal of structures as and if required. Lessor may prescribe the steps to be taken and reclamation to be made with respect to the land and improvements thereon. Nothing in this section limits Lessee's obligation to comply with any applicable state or federal law, rule, or regulation.

16. **TAXES.** Lessee shall pay when due all taxes lawfully assessed and levied upon improvements, output of mines, or other rights, property or assets of the Lessee.

17. **SUCCESSORS IN INTEREST.** Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors and assigns of the respective parties hereto.

18. **COMPLIANCE WITH LAWS AND RULES.** Lessee agrees to comply with all applicable laws and rules in effect at the date of this lease, or which may, from time to time, be adopted and which do not impair the obligations of this lease and do not deprive the Lessee of an existing property right recognized by law.

Revised 1/01; Ref - Carbone Amendment

303L-3

19. **WATER RIGHTS.** Lessee may not interfere with any existing water right owned or operated by any person. Lessee shall hold Lessor harmless against all claims, including attorney fees, for damages claimed by any person asserting interference with a water right.

20. **MINE SAFETY.** Lessee agrees to operate the mine in accordance with rules promulgated by the Mine Safety and Health Administration for the health and safety of workers and employees.

21. **WASTE PROHIBITED.** All mining operations shall be done in good and workmanlike manner in accordance with approved methods and practices using such methods to insure the extraction of the greatest amount of economically minable and saleable mineral, having due regard for the prevention of waste of the minerals developed on the land, the protection of the environment and all natural resources, the preservation and conservation of the property for future use, and for the health and safety of workers and employees. If the Lessor has reasonable belief that the operations are not so being conducted, it shall so notify the Lessee in writing, and if compliance is not promptly obtained and the delinquency fully satisfied, the Lessor may, at its option, cancel the Lease pursuant to the provisions of paragraph 13 of this Lease.

22. **SURRENDER OF DATA.** All geological data pertaining to the leased premises, including reports, maps, logs and other pertinent data regarding trust resources shall be given to the Lessor upon surrender, termination, or expiration of the Lease. Lessor may refuse to release bond until surrender of such data to the Lessor. All drill core unused or undamaged by testing shall be saved. Upon surrender, termination, or expiration of the lease, Lessee shall contact the State Geologist, Montana Bureau of Mines and Geology, Butte, Montana, to determine if such drill core is of interest to the State Geologist for the drill core library. Any drill core determined by the State Geologist to be of interest shall be forwarded by Lessee, at Lessee's cost, to the drill core library.

23. **WEED CONTROL.** Lessee is responsible for controlling noxious weeds on the leased premises and shall prevent or eradicate the spread of noxious weeds onto land adjoining the leased premises.

24. **COAL MINE GAS.** Lessee may remove and vent, flare, or sell coal bed gas from the coal formation being mined only if such removal is a necessary safety procedure directly related to the normal physical process of mining the coal under this Lease. If Lessor owns oil and gas rights to lands herein described, Lessee must pay Lessor a royalty on any coal bed gas removed and sold. Coal bed gas royalty will be calculated according to Lessor's then current oil and gas lease terms. Venting or flaring of coal bed gas that is uneconomical to sell must comply with all applicable laws and rules. The right to remove and vent, flare, or sell coal bed gas, except under the circumstance described above, is specifically retained by Lessor.

25. **SURFACE OWNER AND SURFACE LESSEE RIGHTS.** Lessee shall notify the surface owner, if the surface owner is not the Lessor, and any surface lessee of the location of any facilities or access roads on the leased premises prior to their construction.

26. **DAMAGES.** Where Lessor owns the surface estate above the leased premises, Lessee shall compensate Lessor or Lessor's surface lessees or permittees for all damages to authorized improvements on the leased premises, including penalties and charges assessed by the ASCS on CRP lands, as a result of Lessee's prospecting, exploration, development or mining operations. All such damages will be assessed by and paid directly to the Lessor. Lessee shall also make all payments required by law to surface owners and lessees if Lessor is not the owner of the surface estate above the leased premises.

27. **SPECIAL CONDITIONS.**

Lessee must enter into an offsite mitigation plan acceptable to the Bureau of Land Management and the Montana Department of Fish, Wildlife & Parks before mining or utilization of the lease premises will be allowed.

IN WITNESS WHEREOF, the parties hereto set their hands and Lessor has caused this agreement to be executed with the official seal of the State Board of Land Commissioners on this 18 day of December, 2000.

THE STATE OF MONTANA
Lessor

Spring Creek Coal Company
Lessee

By Its State Board of Land
Commissioners


DIRECTOR

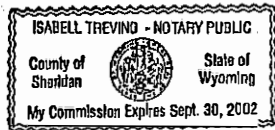
By: 
Its General Manager

Revised 1/01; Ref - Carbone Amendment

303L-4

STATE OF MONTANA)
) ss.
COUNTY OF BIG HORN)

The foregoing document was subscribed and sworn to before me this 14th day of
December, 2000, by Curtis W. Weittenhiller as General Manager for Spring Creek
Coal Company.



Isabell Trevino
Notary Public in and for the State of
Wyoming, County of Sheridan, residing at
Sheridan, Wyoming

My commission expires: Sept. 30, 2002

STATE OF MONTANA)
) ss.
COUNTY OF)

The foregoing document was subscribed and sworn to before me this ____ day
of December, 2000, by _____ as _____

Notary Public

My commission expires:

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

TRUST LAND MANAGEMENT DIVISION



STEVE BULLOCK, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE: (406) 444-2074
FAX: (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

March 25, 2020

Arrowhead I LLC
Spring Creek Coal LLC
c/o Gilbert Nathan
15 Sandhopper Trail
Westport, CT 06880

Navajo Transitional Energy Company, LLC
385 Interlocken Crescent, Suite 400
Broomfield, CO 80021

RE: Assignment of State of Montana Coal Leases C-1093-16, C-1088-15, C-1099-00,
C-1100-00, and C-1101-00 from Arrowhead I LLC and from Spring Creek Coal LLC to
Navajo Transitional Energy Company, LLC

Dear Assignor and Assignee:

Enclosed are your approved assignments for the above referenced coal leases. Our records now
reflect the following lease ownership:

Navajo Transitional Energy Company, LLC 100%

If you have any questions or do not agree with our records, please contact Trevor Taylor at
TTaylor2@mt.gov or (406) 444-9518.

Sincerely,

Julie Mason

Julie Mason, Supervisor
Mineral Leasing Section
Minerals Management Bureau

Enclosures

DIRECTOR'S
OFFICE
(406) 444-2074

CONSERVATION & RESOURCE
DIVISION
(406) 444-6667

OIL & GAS
DIVISION
(406) 444-6675

TRUST LAND MANAGEMENT
DIVISION
(406) 444-2074

PLEASE RETURN IN TRIPLICATE WITH ORIGINAL SIGNATURES
**ASSIGNMENT OF STATE OF MONTANA
COAL LEASE**

Montana Coal Lease Number C-1100-00 Township 8 S Range 39 E Section 15

(Description) NE1/4SW1/4SE1/4, SE1/4SE1/4, N1/2SE1/4, S1/2SE1/4NE1/4

Big Horn County, Montana, containing 150 acres, more or less.

For consideration received, Spring Creek Coal LLC, the undersigned assignor, now being the holder of 100 % of the entire working interest of the above-described State of Montana Coal Lease, hereby assigns to Navajo Transitional Energy Company, LLC

100 % of the entire working interest in and under the above described State of Montana Coal Lease.

If less than 100% of the entire working interest
of the lease is assigned, the designated agent is:

ASSIGNOR: Heath A Hill

BY: Heath A. Hill

DATE: 10/24, 20 19

(Must be a current lessee)

ASSIGNOR'S ACKNOWLEDGEMENT

STATE OF Colorado)

County of Broomfield)

ss:

On this 24th day of October, 20 19, before me, the undersigned, a Notary Public for the State of Colorado, personally appeared Heath A. Hill, known to me to be (check personal or corporate and fill in corporate assignor's title, as appropriate):

☐

PERSONAL: the person(s) whose name(s) is (are) subscribed to the foregoing coal lease assignment, and acknowledged to me that he (she) (they) executed the same.

☒

CORPORATE: the CFO of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.



Stephanie A. Houston
Notary Public for the State of Colorado
Residing at 385 Interlocken Crescent, Broomfield
My Commission expires 4/19/22

ASSIGNEE'S ACCEPTANCE OF OBLIGATIONS

The assignee of the interest conveyed above hereby accepts the rights, duties, and obligations inherent in the working interest ownership of the above-described State of Montana Coal Lease.

ASSIGNEE: Clark Moseley

BY: Clark Moseley

DATE: 10/29, 20 19

ASSIGNEE'S ACKNOWLEDGEMENT

STATE OF Colorado)

County of Broomfield)

ss:

On this 24th day of October, 20 19, before me, the undersigned, a Notary Public for the State of Colorado, personally appeared Clark Moseley, known to me to be (check personal or corporate and fill in corporate assignee's title, as appropriate):

☐

PERSONAL: the person(s) whose name(s) is (are) subscribed to the foregoing coal lease assignment, and acknowledged to me that he (she) (they) executed the same.

☒

CORPORATE: the CFO of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.



Stephanie A. Houston
Notary Public for the State of
Residing at
My Commission expires 4/19/22

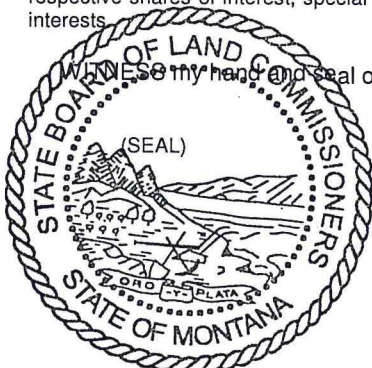
APPROVAL OF ASSIGNMENT

On behalf of the State Board of Land Commissioners, John E. Tubbs, the Director of the Department of Natural Resources and Conservation, hereby approve the foregoing State of Montana Coal Lease Assignment, as a transfer of title only and without recognition of respective shares of interest, special terms and conditions, any assignment of lease obligations and responsibilities, overriding royalties or other interests.

Witness my hand and seal of the State Board of Land Commissioners hereunto affixed this date

MAR 24 2020

John E. Tubbs by Monte S. Mass
Director of the Montana Department of Natural Resources and Conservation



STATE OF MONTANA

COAL LEASE

C-1100-00

THIS LEASE, is made and entered into between the State of Montana, by and through its lawfully qualified and acting Board of Land Commissioners, hereinafter referred to as "Lessor", and

Spring Creek Coal Company
P.O. Box 67
Decker, MT 59025

hereinafter referred to as "Lessee", under and pursuant to the authority granted Lessor by the terms and provisions of Section 77-3-301, et seq., MCA, all acts amendatory thereof and supplementary thereto, and all rules adopted pursuant thereto.

IT IS MUTUALLY UNDERSTOOD, AGREED AND COVENANTED BY AND BETWEEN THE PARTIES TO THIS LEASE AS FOLLOWS:

1. **GRANTING CLAUSE.** The Lessor, in consideration of the rents and royalties to be paid and the conditions to be observed as hereinafter set forth does hereby grant and lease to the Lessee, for the purpose of mining and disposing of coal and constructing all such works, buildings, plants, structures and appliances as may be necessary and convenient to produce, save, care for, dispose of and remove said coal, and for the reclamation thereafter, all the lands herein described, as follows:

Land located in Big Horn County

Description of land: Township 8 South, Range 39 East
Section 15: NESWSE, SESE, N2SE, S2SENE

Total Number of Acres: 150, more or less, belonging to
School grant.

All rights granted to Lessee under this Lease are contingent upon Lessee's compliance with the Montana Strip Mine Siting Act and the Montana Strip and Underground Mine Reclamation Act (Title 82, Chapter 4, Parts 1 and 2, MCA). If these acts are repealed subsequent to the issuance of this Lease, all rights granted Lessee are contingent upon Lessor review and approval of Lessee's mine operation and reclamation plan. The rights granted under this Lease are further subject to agency responsibilities and authority under the provisions of the Montana Environmental Policy Act.

2. **EFFECTIVE DATE AND TERM.** This lease takes effect on November 20, 2000 and is granted for a primary term of ten (10) years and so long thereafter as coal is produced from such lands in commercial quantities, subject to all of the terms and conditions herein set forth. A lease not producing coal in commercial quantities at the end of the primary term shall be terminated, unless the leased lands are described in a strip mine permit issued under Section 82-4-221, MCA, or in a mine site location permit under Section 82-4-222, MCA, prior to the end of the primary term, and the lease shall not be terminated so long as said lands are covered and described under valid permit.

3. **RIGHTS RESERVED.** Lessor expressly reserves the right to sell, lease, or otherwise dispose of any interest or estate in the lands hereby leased, except the interest conveyed by this Lease; provided, however, that Lessor hereby agrees that subsequent sales, leases or other dispositions of any interest or estate in the lands hereby leased shall be subject to the terms of this Lease and shall not interfere with the Lessee's possession or rights hereunder.

4. **BOND.** Lessee shall immediately upon the execution of this Lease furnish a surety bond in the amount of \$1,000, conditioned upon compliance with the provisions of this Lease, or, in the option of the Lessor, a cash deposit in the amount of \$1,000, or an irrevocable letter of credit in a form approved by Lessor drawn upon an approved bank in the same amount. All rentals, royalties and interest must be paid and all disturbance must be reclaimed to the satisfaction of Lessor prior to release of any bond. Additional bonding may be required, or reduced bonding allowed, whenever Lessor determines it is necessary, or sufficient, to ensure compliance with this Lease.

5. **RENTAL.** Lessee shall pay Lessor annually, in advance, for each acre or fraction thereof covered by this Lease, beginning with the date this Lease takes effect, an annual money rental of \$3.00 per acre. Rental terms are subject to readjustment as provided in Paragraph 7, but in no case shall it be less than two (2) dollars per acre.

6. **ROYALTY.** Lessee shall pay Lessor in money or in kind at Lessor's option a royalty on every short ton (2,000 pounds) of coal mined and produced during the term of this Lease, calculated upon the f.o.b. mine price of the coal prepared for shipment, including production-based taxes. Lessee shall pay a royalty of 12.5% upon coal removed by strip, surface, or auger mining methods and a royalty of 10.0% for coal removed by underground mining methods. Royalty terms are subject to review and readjustment as provided in Paragraph 7, but in no case shall the royalty for the coal mined be less than ten (10) percent of the f.o.b. price of a ton prepared for shipment.

7. **READJUSTMENT OF RENTAL AND ROYALTY TERMS.** The rental and royalty terms of this Lease shall be subject to readjustment to reflect fair market value at the end of the primary term of ten (10) years and at the end of each five (5) year period thereafter if the lease is producing coal in commercial quantities.

8. **OFFSETTING PRODUCTION.** The obligation of Lessee to pay royalties under this Lease may be reduced by the Board for coal produced from any particular tract within the Lease upon a showing by Lessee to the Board that the coal is uneconomical to mine at prevailing market prices and operating costs unless Lessor's royalty is reduced. Under no circumstances may Lessor's royalty be reduced below ten (10) percent of the coal produced and sold f.o.b. the mine site, prepared for shipment, including taxes based on production or value.

Revised 1/01; Ref - Carbone Amendment

303L-6

9. **LESSOR NOTIFICATION AND REPORTS.** Lessee shall notify Lessor prior to the commencement of any prospecting, exploration, development or production operations. As soon as any mining operations are commenced, Lessee shall submit to Lessor, on or before the last day of each month, a royalty report and payment covering the preceding calendar month, which report shall be in such form and include such information as Lessor shall prescribe. Upon request, Lessee shall also furnish to Lessor, reports, plats, and maps showing exploration data, development work, improvements, amount of leased deposits mined, contracts for sale and any other information with respect to the land leased which Lessor may require. Lessor's point of contact for all matters related to this Lease is:

Department of Natural Resources & Conservation
Minerals Management Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, MT 59620-1601

Lessor will notify Lessee of any subsequent change in point of contact.

10. **INSPECTION.** Representatives of the Lessor shall at all times have the right to enter upon all parts of the leased premises for the purposes of inspection, examination, and testing that they may deem necessary to ascertain the condition of the Lease, the production of coal, and Lessee's compliance with its obligations under this Lease. Representatives of Lessor shall also, at all reasonable hours, have free access to all books, accounts, records, engineering data, and papers of Lessee insofar as they contain information relating to the production of coal under this Lease, the price obtained therefor, and the fair market value of the production. Lessor shall also have free access to agreements relating to production of coal under this Lease. Lessor may copy at its own expense any book, account, record, engineering data, papers, or agreements to which it has access pursuant to this paragraph.

11. **CONFIDENTIALITY.** Lessor agrees that Lessee may request any materials obtained by Lessor pursuant to this Lease be designated as confidential. Lessor shall agree to keep any information so designated strictly confidential if Lessor determines that confidentiality is not unlawful. Further, the parties agree that the information Lessee is obliged to provide pursuant to this Lease is only that information relating to the reasonable administration and enforcement by Lessor of the provisions of this Lease and state law.

12. **ASSIGNMENT.** This Lease may not be assigned without the prior approval of Lessor in writing. Assignments must be made in accordance with any statutes or administrative rules pertaining to assignments in effect at the time of assignment. Assignments may not extend the expiration date of this Lease.

13. **TERMINATION.** Lessee may surrender and relinquish this Lease by giving written notice to the Board at least thirty (30) days previous to the anniversary date of the Lease. It is understood and agreed that the Lessor hereby reserves the right to declare this Lease forfeited and to cancel the same through the Board of Land Commissioners upon failure of Lessee to fully discharge all the obligations provided herein, after written notice from the Department and reasonable time fixed and allowed by it to Lessee for the performance of any undertaking or obligation specified in such notice concerning which Lessee is in default. Lessee, upon written application therefor, shall be granted a hearing on any notice or demand of the Department before the Lease may be declared forfeited or canceled.

14. **SURRENDER OF PREMISES.** Upon the termination of this Lease for any cause, Lessee shall surrender possession of the leased premises to Lessor, subject to Lessee's right to re-enter (1) for the purpose of removing all machinery and improvements belonging to Lessee, hereby granted at any time within six (6) months after the date of such termination, except those improvements as are necessary for the preservation of the deposit and access to the deposit, which improvements shall become the property of Lessor; and (2) for the purpose of complying with State and Federal laws adopted pursuant to the police power of State or Federal government. If any of the property of Lessee is not removed from the leased premises as herein provided, the same shall be deemed forfeited to Lessor and become its property.

15. **PROTECTION OF THE SURFACE, NATURAL RESOURCES, AND IMPROVEMENTS.** Lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) causing or contributing to soil erosion or damaging any forage and timber growth thereon; (2) polluting the waters of springs, streams, wells, or reservoirs; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging range improvements whether owned by Lessor or by its grazing permittees or lessees. Upon any partial or total relinquishment or the cancellation or expiration of this Lease, or at any other time prior thereto when required by Lessor and to the extent deemed necessary by Lessor, Lessee shall fill any sump holes, ditches and other excavations, remove or cover all debris, and, so far as reasonably possible, reclaim the disturbed area to a condition in keeping with the concept of the best beneficial use, including the removal of structures as and if required. Lessor may prescribe the steps to be taken and reclamation to be made with respect to the land and improvements thereon. Nothing in this section limits Lessee's obligation to comply with any applicable state or federal law, rule, or regulation.

16. **TAXES.** Lessee shall pay when due all taxes lawfully assessed and levied upon improvements, output of mines, or other rights, property or assets of the Lessee.

17. **SUCCESSORS IN INTEREST.** Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors and assigns of the respective parties hereto.

18. **COMPLIANCE WITH LAWS AND RULES.** Lessee agrees to comply with all applicable laws and rules in effect at the date of this lease, or which may, from time to time, be adopted and which do not impair the obligations of this lease and do not deprive the Lessee of an existing property right recognized by law.

Revised 1/01; Ref - Carbone Amendment

303L-7

19. **WATER RIGHTS.** Lessee may not interfere with any existing water right owned or operated by any person. Lessee shall hold Lessor harmless against all claims, including attorney fees, for damages claimed by any person asserting interference with a water right.

20. **MINE SAFETY.** Lessee agrees to operate the mine in accordance with rules promulgated by the Mine Safety and Health Administration for the health and safety of workers and employees.

21. **WASTE PROHIBITED.** All mining operations shall be done in good and workmanlike manner in accordance with approved methods and practices using such methods to insure the extraction of the greatest amount of economically minable and saleable mineral, having due regard for the prevention of waste of the minerals developed on the land, the protection of the environment and all natural resources, the preservation and conservation of the property for future use, and for the health and safety of workers and employees. If the Lessor has reasonable belief that the operations are not so being conducted, it shall so notify the Lessee in writing, and if compliance is not promptly obtained and the delinquency fully satisfied, the Lessor may, at its option, cancel the Lease pursuant to the provisions of paragraph 13 of this Lease.

22. **SURRENDER OF DATA.** All geological data pertaining to the leased premises, including reports, maps, logs and other pertinent data regarding trust resources shall be given to the Lessor upon surrender, termination, or expiration of the Lease. Lessor may refuse to release bond until surrender of such data to the Lessor. All drill core unused or undamaged by testing shall be saved. Upon surrender, termination, or expiration of the lease, Lessee shall contact the State Geologist, Montana Bureau of Mines and Geology, Butte, Montana, to determine if such drill core is of interest to the State Geologist for the drill core library. Any drill core determined by the State Geologist to be of interest shall be forwarded by Lessee, at Lessee's cost, to the drill core library.

23. **WEED CONTROL.** Lessee is responsible for controlling noxious weeds on the leased premises and shall prevent or eradicate the spread of noxious weeds onto land adjoining the leased premises.

24. **COAL MINE GAS.** Lessee may remove and vent, flare, or sell coal bed gas from the coal formation being mined only if such removal is a necessary safety procedure directly related to the normal physical process of mining the coal under this Lease. If Lessor owns oil and gas rights to lands herein described, Lessee must pay Lessor a royalty on any coal bed gas removed and sold. Coal bed gas royalty will be calculated according to Lessor's then current oil and gas lease terms. Venting or flaring of coal bed gas that is uneconomical to sell must comply with all applicable laws and rules. The right to remove and vent, flare, or sell coal bed gas, except under the circumstance described above, is specifically retained by Lessor.

25. **SURFACE OWNER AND SURFACE LESSEE RIGHTS.** Lessee shall notify the surface owner, if the surface owner is not the Lessor, and any surface lessee of the location of any facilities or access roads on the leased premises prior to their construction.

26. **DAMAGES.** Where Lessor owns the surface estate above the leased premises, Lessee shall compensate Lessor or Lessor's surface lessees or permittees for all damages to authorized improvements on the leased premises, including penalties and charges assessed by the ASCS on CRP lands, as a result of Lessee's prospecting, exploration, development or mining operations. All such damages will be assessed by and paid directly to the Lessor. Lessee shall also make all payments required by law to surface owners and lessees if Lessor is not the owner of the surface estate above the leased premises.

27. **SPECIAL CONDITIONS.**

Lessee must enter into an offsite mitigation plan acceptable to the Bureau of Land Management and the Montana Department of Fish, Wildlife & Parks before mining or utilization of the lease premises will be allowed.

IN WITNESS WHEREOF, the parties hereto set their hands and Lessor has caused this agreement to be executed with the official seal of the State Board of Land Commissioners on this 18th day of December, 2009.

THE STATE OF MONTANA
Lessor

Spring Creek Coal Company
Lessee

By Its State Board of Land
Commissioners


DIRECTOR

By: 

Its General Manager

Revised 1/01; Ref - Carbone Amendment

303L-8

STATE OF MONTANA)
COUNTY OF BIG HORN) ss.

The foregoing document was subscribed and sworn to before me this 14th day of
December, 2000, by Curtis W. Weittenhiller as General Manager for Spring Creek
Coal Company.



Isabell Trevino
Notary Public in and for the State of
Wyoming, County of Sheridan, residing at
Sheridan, Wyoming

My commission expires: Sept. 30, 2002

STATE OF MONTANA)
COUNTY OF) ss.

The foregoing document was subscribed and sworn to before me this ____ day
of December, 2000, by _____ as _____.

Notary Public

My commission expires:

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

TRUST LAND MANAGEMENT DIVISION



STEVE BULLOCK, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE: (406) 444-2074

FAX: (406) 444-2684

PO BOX 201601

HELENA, MONTANA 59620-1601

March 25, 2020

Arrowhead I LLC
Spring Creek Coal LLC
c/o Gilbert Nathan
15 Sandhopper Trail
Westport, CT 06880

Navajo Transitional Energy Company, LLC
385 Interlocken Crescent, Suite 400
Broomfield, CO 80021

RE: Assignment of State of Montana Coal Leases C-1093-16, C-1088-15, C-1099-00, C-1100-00, and C-1101-00 from Arrowhead I LLC and from Spring Creek Coal LLC to Navajo Transitional Energy Company, LLC

Dear Assignor and Assignee:

Enclosed are your approved assignments for the above referenced coal leases. Our records now reflect the following lease ownership:

Navajo Transitional Energy Company, LLC 100%

If you have any questions or do not agree with our records, please contact Trevor Taylor at TTaylor2@mt.gov or (406) 444-9518.

Sincerely,

Julie Mason

Julie Mason, Supervisor
Mineral Leasing Section
Minerals Management Bureau

Enclosures

DIRECTOR'S
OFFICE
(406) 444-2074

CONSERVATION & RESOURCE
DIVISION
(406) 444-6667

OIL & GAS
DIVISION
(406) 444-6675

TRUST LAND MANAGEMENT
DIVISION
(406) 444-2074

PLEASE RETURN IN TRIPLICATE WITH ORIGINAL SIGNATURES
**ASSIGNMENT OF STATE OF MONTANA
COAL LEASE**

Montana Coal Lease Number C-1099-00 Township 8 S Range 39 E Section 14
(Description) S2S2 NW, SW, W2SE

Big Horn County, Montana, containing 280 acres, more or less.

For consideration received, Spring Creek Coal LLC, the undersigned assignor, now
being the holder of 100 % of the entire working interest of the above-described State of Montana Coal Lease, hereby
assigns to Navajo Transitional Energy Company, LLC

100 % of the entire working interest in and under the above described State of Montana Coal Lease.

If less than 100% of the entire working interest
of the lease is assigned, the designated agent is:

ASSIGNOR: X/A A X/11

BY: Heath A. Hill

DATE: 10/24, 20 19

(Must be a current lessee)

ASSIGNOR'S ACKNOWLEDGEMENT

STATE OF Colorado

County of Broomfield

ss:

On this 24 day of October, 20 19, before me, the undersigned, a Notary Public for the State of
Colorado, personally appeared Heath A. Hill, known to me to be
(check personal or corporate and fill in corporate assignor's title, as appropriate):

☐ PERSONAL: the person(s) whose name(s) is (are) subscribed to the foregoing coal lease assignment, and
acknowledged to me that he (she) (they) executed the same.

☒ CORPORATE: the CEO of the corporation that executed the within instrument and
acknowledged to me that such corporation executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.



Stephanie A. Houston
Notary Public for the State of Colorado
Residing at 385 Interlocken Crescent, Broomfield
My Commission expires 4/19/22

ASSIGNEE'S ACCEPTANCE OF OBLIGATIONS

The assignee of the interest conveyed above hereby accepts the rights, duties, and obligations inherent in the working
interest ownership of the above-described State of Montana Coal Lease.

ASSIGNEE: [Signature]

BY: Clark Moseley

DATE: 10/29, 20 19

ASSIGNEE'S ACKNOWLEDGEMENT

STATE OF Colorado

County of Broomfield

ss:

On this 29th day of October, 20 19, before me, the undersigned, a Notary Public for the State of
Colorado, personally appeared Clark Moseley, known to me to be
(check personal or corporate and fill in corporate assignee's title, as appropriate):

☐ PERSONAL: the person(s) whose name(s) is (are) subscribed to the foregoing coal lease assignment, and
acknowledged to me that he (she) (they) executed the same.

☒ CORPORATE: the CEO of the corporation that executed the within instrument
and acknowledged to me that such corporation executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

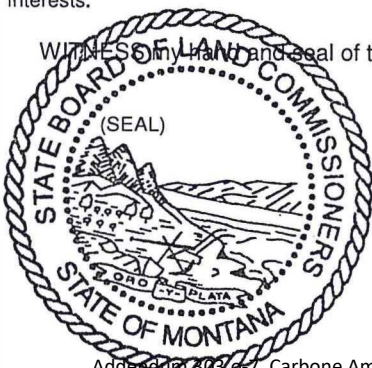


Stephanie A. Houston
Notary Public for the State of
Residing at
My Commission expires 4/19/22

APPROVAL OF ASSIGNMENT

On behalf of the State Board of Land Commissioners, I, John E. Tubbs, the Director of the Department of Natural Resources and
Conservation, hereby approve the foregoing State of Montana Coal Lease Assignment, as a transfer of title only and without recognition of
respective shares of interest, special terms and conditions, any assignment of lease obligations and responsibilities, overriding royalties or other
interests.

Witness my hand and seal of the State Board of Land Commissioners hereunto affixed this date MAR 24 2020



John E. Tubbs by Monte J. Mason
Director of the Montana Department of Natural Resources and Conservation

STATE OF MONTANA

COAL LEASE

C-1099-00

THIS LEASE, is made and entered into between the State of Montana, by and through its lawfully qualified and acting Board of Land Commissioners, hereinafter referred to as "Lessor", and

Spring Creek Coal Company
P.O. Box 67
Decker, MT 59025

hereinafter referred to as "Lessee", under and pursuant to the authority granted Lessor by the terms and provisions of Section 77-3-301, et seq., MCA, all acts amendatory thereof and supplementary thereto, and all rules adopted pursuant thereto.

IT IS MUTUALLY UNDERSTOOD, AGREED AND COVENANTED BY AND BETWEEN THE PARTIES TO THIS LEASE AS FOLLOWS:

1. **GRANTING CLAUSE.** The Lessor, in consideration of the rents and royalties to be paid and the conditions to be observed as hereinafter set forth does hereby grant and lease to the Lessee, for the purpose of mining and disposing of coal and constructing all such works, buildings, plants, structures and appliances as may be necessary and convenient to produce, save, care for, dispose of and remove said coal, and for the reclamation thereafter, all the lands herein described, as follows:

Land located in Big Horn County

Description of land: Township 8 South, Range 39 East
Section 14: S2S2NW, SW, W2SE

Total Number of Acres: 280, more or less, belonging to
School grant.

All rights granted to Lessee under this Lease are contingent upon Lessee's compliance with the Montana Strip Mine Siting Act and the Montana Strip and Underground Mine Reclamation Act (Title 82, Chapter 4, Parts 1 and 2, MCA). If these acts are repealed subsequent to the issuance of this Lease, all rights granted Lessee are contingent upon Lessor review and approval of Lessee's mine operation and reclamation plan. The rights granted under this Lease are further subject to agency responsibilities and authority under the provisions of the Montana Environmental Policy Act.

2. **EFFECTIVE DATE AND TERM.** This lease takes effect on November 20, 2000 and is granted for a primary term of ten (10) years and so long thereafter as coal is produced from such lands in commercial quantities, subject to all of the terms and conditions herein set forth. A lease not producing coal in commercial quantities at the end of the primary term shall be terminated, unless the leased lands are described in a strip mine permit issued under Section 82-4-221, MCA, or in a mine site location permit under Section 82-4-122, MCA, prior to the end of the primary term, and the lease shall not be terminated so long as said lands are covered and described under valid permit.

3. **RIGHTS RESERVED.** Lessor expressly reserves the right to sell, lease, or otherwise dispose of any interest or estate in the lands hereby leased, except the interest conveyed by this Lease; provided, however, that Lessor hereby agrees that subsequent sales, leases or other dispositions of any interest or estate in the lands hereby leased shall be subject to the terms of this Lease and shall not interfere with the Lessee's possession or rights hereunder.

4. **BOND.** Lessee shall immediately upon the execution of this Lease furnish a surety bond in the amount of \$1,000, conditioned upon compliance with the provisions of this Lease, or, in the option of the Lessor, a cash deposit in the amount of \$1,000 or an irrevocable letter of credit in a form approved by Lessor drawn upon an approved bank in the same amount. All rentals, royalties and interest must be paid and all disturbance must be reclaimed to the satisfaction of Lessor prior to release of any bond. Additional bonding may be required, or reduced bonding allowed, whenever Lessor determines it is necessary, or sufficient, to ensure compliance with this Lease.

5. **RENTAL.** Lessee shall pay Lessor annually, in advance, for each acre or fraction thereof covered by this Lease, beginning with the date this Lease takes effect, an annual money rental of \$3.00 per acre. Rental terms are subject to readjustment as provided in Paragraph 7, but in no case shall it be less than two (2) dollars per acre.

6. **ROYALTY.** Lessee shall pay Lessor in money or in kind at Lessor's option a royalty on every short ton (2,000 pounds) of coal mined and produced during the term of this Lease, calculated upon the f.o.b. mine price of the coal prepared for shipment, including production-based taxes. Lessee shall pay a royalty of 12.5% upon coal removed by strip, surface, or auger mining methods and a royalty of 10.0% for coal removed by underground mining methods. Royalty terms are subject to review and readjustment as provided in Paragraph 7, but in no case shall the royalty for the coal mined be less than ten (10) percent of the f.o.b. price of a ton prepared for shipment.

7. **READJUSTMENT OF RENTAL AND ROYALTY TERMS.** The rental and royalty terms of this Lease shall be subject to readjustment to reflect fair market value at the end of the primary term of ten (10) years and at the end of each five (5) year period thereafter if the lease is producing coal in commercial quantities.

8. **OFFSETTING PRODUCTION.** The obligation of Lessee to pay royalties under this Lease may be reduced by the Board for coal produced from any particular tract within the Lease upon a showing by Lessee to the Board that the coal is uneconomical to mine at prevailing market prices and operating costs unless Lessor's royalty is reduced. Under no circumstances may Lessor's royalty be reduced below ten (10) percent of the coal produced and sold f.o.b. the mine site, prepared for shipment, including taxes based on production or value.

Revised 1/01; Ref- Carbone Amendment

303L-10

9. LESSOR NOTIFICATION AND REPORTS. Lessee shall notify Lessor prior to the commencement of any prospecting, exploration, development or production operations. As soon as any mining operations are commenced, Lessee shall submit to Lessor, on or before the last day of each month, a royalty report and payment covering the preceding calendar month, which report shall be in such form and include such information as Lessor shall prescribe. Upon request, Lessee shall also furnish to Lessor, reports, plats, and maps showing exploration data, development work, improvements, amount of leased deposits mined, contracts for sale and any other information with respect to the land leased which Lessor may require. Lessor's point of contact for all matters related to this Lease is:

Department of Natural Resources & Conservation
Minerals Management Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, MT 59620-1601

Lessor will notify Lessee of any subsequent change in point of contact.

10. INSPECTION. Representatives of the Lessor shall at all times have the right to enter upon all parts of the leased premises for the purposes of inspection, examination, and testing that they may deem necessary to ascertain the condition of the Lease, the production of coal, and Lessee's compliance with its obligations under this Lease. Representatives of Lessor shall also, at all reasonable hours, have free access to all books, accounts, records, engineering data, and papers of Lessee insofar as they contain information relating to the production of coal under this Lease, the price obtained therefor, and the fair market value of the production. Lessor shall also have free access to agreements relating to production of coal under this Lease. Lessor may copy at its own expense any book, account, record, engineering data, papers, or agreements to which it has access pursuant to this paragraph.

11. CONFIDENTIALITY. Lessor agrees that Lessee may request any materials obtained by Lessor pursuant to this Lease be designated as confidential. Lessor shall agree to keep any information so designated strictly confidential if Lessor determines that confidentiality is not unlawful. Further, the parties agree that the information Lessee is obliged to provide pursuant to this Lease is only that information relating to the reasonable administration and enforcement by Lessor of the provisions of this Lease and state law.

12. ASSIGNMENT. This Lease may not be assigned without the prior approval of Lessor in writing. Assignments must be made in accordance with any statutes or administrative rules pertaining to assignments in effect at the time of assignment. Assignments may not extend the expiration date of this Lease.

13. TERMINATION. Lessee may surrender and relinquish this Lease by giving written notice to the Board at least thirty (30) days previous to the anniversary date of the Lease. It is understood and agreed that the Lessor hereby reserves the right to declare this Lease forfeited and to cancel the same through the Board of Land Commissioners upon failure of Lessee to fully discharge all the obligations provided herein, after written notice from the Department and reasonable time fixed and allowed by it to Lessee for the performance of any undertaking or obligation specified in such notice concerning which Lessee is in default. Lessee, upon written application therefor, shall be granted a hearing on any notice or demand of the Department before the Lease may be declared forfeited or canceled.

14. SURRENDER OF PREMISES. Upon the termination of this Lease for any cause, Lessee shall surrender possession of the leased premises to Lessor, subject to Lessee's right to re-enter (1) for the purpose of removing all machinery and improvements belonging to Lessee, hereby granted at any time within six (6) months after the date of such termination, except those improvements as are necessary for the preservation of the deposit and access to the deposit, which improvements shall become the property of Lessor; and (2) for the purpose of complying with State and Federal laws adopted pursuant to the police power of State or Federal government. If any of the property of Lessee is not removed from the leased premises as herein provided, the same shall be deemed forfeited to Lessor and become its property.

15. PROTECTION OF THE SURFACE, NATURAL RESOURCES, AND IMPROVEMENTS. Lessee agrees to take such reasonable steps as may be needed to prevent operations from unnecessarily: (1) causing or contributing to soil erosion or damaging any forage and timber growth thereon; (2) polluting the waters of springs, streams, wells, or reservoirs; (3) damaging crops, including forage, timber, or improvements of a surface owner; or (4) damaging range improvements whether owned by Lessor or by its grazing permittees or lessees. Upon any partial or total relinquishment or the cancellation or expiration of this Lease, or at any other time prior thereto when required by Lessor and to the extent deemed necessary by Lessor, Lessee shall fill any sump holes, ditches and other excavations, remove or cover all debris, and, so far as reasonably possible, reclaim the disturbed area to a condition in keeping with the concept of the best beneficial use, including the removal of structures as and if required. Lessor may prescribe the steps to be taken and reclamation to be made with respect to the land and improvements thereon. Nothing in this section limits Lessee's obligation to comply with any applicable state or federal law, rule, or regulation.

16. TAXES. Lessee shall pay when due all taxes lawfully assessed and levied upon improvements, output of mines, or other rights, property or assets of the Lessee.

17. SUCCESSORS IN INTEREST. Each obligation hereunder shall extend to, and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors and assigns of the respective parties hereto.

18. COMPLIANCE WITH LAWS AND RULES. Lessee agrees to comply with all applicable laws and rules in effect at the date of this lease, or which may, from time to time, be adopted and which do not impair the obligations of this lease and do not deprive the Lessee of an existing property right recognized by law.

Revised 1/01; Ref - Carbone Amendment

303L-11

19. **WATER RIGHTS.** Lessee may not interfere with any existing water right owned or operated by any person. Lessee shall hold Lessor harmless against all claims, including attorney fees, for damages claimed by any person asserting interference with a water right.

20. **MINE SAFETY.** Lessee agrees to operate the mine in accordance with rules promulgated by the Mine Safety and Health Administration for the health and safety of workers and employees.

21. **WASTE PROHIBITED.** All mining operations shall be done in good and workmanlike manner in accordance with approved methods and practices using such methods to insure the extraction of the greatest amount of economically minable and saleable mineral, having due regard for the prevention of waste of the minerals developed on the land, the protection of the environment and all natural resources, the preservation and conservation of the property for future use, and for the health and safety of workers and employees. If the Lessor has reasonable belief that the operations are not so being conducted, it shall so notify the Lessee in writing, and if compliance is not promptly obtained and the delinquency fully satisfied, the Lessor may, at its option, cancel the Lease pursuant to the provisions of paragraph 13 of this Lease.

22. **SURRENDER OF DATA.** All geological data pertaining to the leased premises, including reports, maps, logs and other pertinent data regarding trust resources shall be given to the Lessor upon surrender, termination, or expiration of the Lease. Lessor may refuse to release bond until surrender of such data to the Lessor. All drill core unused or undamaged by testing shall be saved. Upon surrender, termination, or expiration of the lease, Lessee shall contact the State Geologist, Montana Bureau of Mines and Geology, Butte, Montana, to determine if such drill core is of interest to the State Geologist for the drill core library. Any drill core determined by the State Geologist to be of interest shall be forwarded by Lessee, at Lessee's cost, to the drill core library.

23. **WEED CONTROL.** Lessee is responsible for controlling noxious weeds on the leased premises and shall prevent or eradicate the spread of noxious weeds onto land adjoining the leased premises.

24. **COAL MINE GAS.** Lessee may remove and vent, flare, or sell coal bed gas from the coal formation being mined only if such removal is a necessary safety procedure directly related to the normal physical process of mining the coal under this Lease. If Lessor owns oil and gas rights to lands herein described, Lessee must pay Lessor a royalty on any coal bed gas removed and sold. Coal bed gas royalty will be calculated according to Lessor's then current oil and gas lease terms. Venting or flaring of coal bed gas that is uneconomical to sell must comply with all applicable laws and rules. The right to remove and vent, flare, or sell coal bed gas, except under the circumstance described above, is specifically retained by Lessor.

25. **SURFACE OWNER AND SURFACE LESSEE RIGHTS.** Lessee shall notify the surface owner, if the surface owner is not the Lessor, and any surface lessee of the location of any facilities or access roads on the leased premises prior to their construction.

26. **DAMAGES.** Where Lessor owns the surface estate above the leased premises, Lessee shall compensate Lessor or Lessor's surface lessees or permittees for all damages to authorized improvements on the leased premises, including penalties and charges assessed by the ASCS on CRP lands, as a result of Lessee's prospecting, exploration, development or mining operations. All such damages will be assessed by and paid directly to the Lessor. Lessee shall also make all payments required by law to surface owners and lessees if Lessor is not the owner of the surface estate above the leased premises.

27. **SPECIAL CONDITIONS.**

Lessee must enter into an offsite mitigation plan acceptable to the Bureau of Land Management and the Montana Department of Fish, Wildlife & Parks before mining or utilization of the lease premises will be allowed.

IN WITNESS WHEREOF, the parties hereto set their hands and Lessor has caused this agreement to be executed with the official seal of the State Board of Land Commissioners on this 18th day of December, 2000.

THE STATE OF MONTANA
Lessor

Spring Creek Coal Company
Lessee

By Its State Board of Land
Commissioners


DIRECTOR

By: 

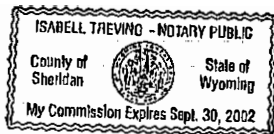
Its General Manager

Revised 1/01; Ref - Carbone Amendment

303L-12

STATE OF MONTANA)
) ss.
COUNTY OF BIG HORN)

The foregoing document was subscribed and sworn to before me this 14th day of
December, 2000, by Curtis W. Weittenhiller as General Manager for Spring Creek
Coal Company.



Isabell Trevino
Notary Public in and for the State of
Wyoming, County of Sheridan, residing at
Sheridan, Wyoming

My commission expires: Sept. 30, 2002

STATE OF MONTANA)
) ss.
COUNTY OF)

The foregoing document was subscribed and sworn to before me this ____ day
of December, 2000, by _____ as _____

Notary Public

My commission expires:

MITIGATION AGREEMENT

This Agreement, made and entered into this 16th day of November, 2000, by and between Spring Creek Coal Company, a Montana corporation, ("Spring Creek"), the United States of America, by and through the Department of the Interior, Bureau of Land Management ("BLM") and the State of Montana Department of Fish, Wildlife & Parks ("MDFWP").

WITNESSETH:

Whereas, Spring Creek owns and operates a coal surface mine in Big Horn County, Montana, ("the Mine");

Whereas, for expansion and development of the Mine, Spring Creek has filed a lease by application with the State of Montana to acquire state coal leases covering certain tracts of coal located in Big Horn County, Montana, commonly known as the Carbone LBA Reserve Tract, as set forth and shown on Exhibit A attached hereto, (such coal leases hereinafter called "the State Leases");

Whereas, Spring Creek's development of the Carbone LBA Reserve Tract will disturb a part of that certain 4,351 acre tract of land located in Big Horn County, Montana, ("the Block Management Area"), as set forth and shown on Exhibits B and C attached hereto;

Whereas, the parties hereto have agreed that in the event Spring Creek acquires the State Leases, Spring Creek will provide \$175,000 to help establish an off-site mitigation area equal in value to the Block Management Area currently in place at the Mine, that BLM and MDFWP would acquire an alternative wildlife management area, and that the Block Management Area would be released from its designation as a wildlife management and grazing area;

Now, Therefore, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Payment of Funds by Spring Creek.

(a). As a financial guarantee for faithful performance of the financial obligation set forth in subparagraph (b) below, within thirty (30) days after Spring Creek acquires the State Leases from the State of Montana, Spring Creek shall arrange with First Security Bank, Salt Lake City, Utah to establish an irrevocable Letter of Credit in the amount of \$175,000 to remain in effect for a period of five years. The irrevocable Letter of Credit will be held by BLM for and on behalf of the MDFWP to insure that Spring Creek performs the conditions set forth in this mitigation agreement. Upon payment of the mitigation funding to the landowner for the conservation easement pursuant to

subparagraph (b) below, the BLM would release Spring Creek from the purchase obligation for the off-site mitigation and return the Letter of Credit to Spring Creek.

(b). If Spring Creek acquires the State Leases, Spring Creek will provide \$175,000 to help establish an off-site mitigation area equal in value to the Block Management Area currently in place at the Mine. The off-site property would be located in the general area and established via a conservation easement issued to, and administered by, the MDFWP, and will be managed to conserve wildlife values and provide hunting block management opportunities. This mitigation will replace the Block Management Area currently in effect at the Mine. The MDFWP will be responsible for all negotiations, discussions, documentation and involvement in acquisition of the new conservation easement. Spring Creek will be responsible only for paying the agreed upon mitigation funding (\$175,000) directly to the owner of the property for which the new conservation easement would be issued. Spring Creek shall have no right or title in the conservation easement, except as provided in Section 2 herein below.

(c). In the event that the conservation easement is less than \$175,000, the remaining funding will be paid to MDFWP who will place it into the Fish and Wildlife Mitigation Trust Fund as provided for in section 87-1-611 through 615, MCA. In addition, if MDFWP has not obtained an off-site conservation easement at the end of five years, then Spring Creek will pay to MDFWP the mitigation funding (\$175,000) which MDFWP will place into the above-referenced Fish and Wildlife Mitigation Trust Fund.

(d). If Spring Creek does not acquire the State Leases, then this Agreement and all rights and obligations arising hereunder, shall immediately and automatically cease and terminate.

Section 2. Use of the Funds. The Funds shall be used by BLM and MDFWP to secure a new conservation project located within the Tongue River drainage system ("the New Project"). The nature and location of the New Project shall be within the sole discretion of BLM and MDFWP; provided, however, the location of the New Project shall be off of the present or future Mine site; and, provided, further, that if the New Project is located further than one hundred and fifty (150) miles from the Mine, then the written consent of Spring Creek must be first obtained. Spring Creek's consent shall not be unreasonably withheld. The ability of BLM and MDFWP to successfully negotiate and acquire the New Project shall in no manner affect the validity of any other provision of this Agreement, including but not limited to the provision of Section 3 hereof. In the event that Spring Creek defaults on the terms set forth in this Agreement, BLM will draw on the irrevocable Letter of Credit to provide the agreed upon mitigation funding for the New Project.

Section 3. Area Designations. Immediately and automatically upon Spring Creek's delivery of the irrevocable Letter of Credit to BLM the Block Management Area shall cease to be designated and classified as a habitat and grazing area, and Spring Creek shall be allowed to disturb the Block Management Area as part of the surface

coal mining operations area of the Mine. Notwithstanding the foregoing sentence, that part of the Block Management Area that has been designated as the Prairie Falcon Aerie Site shall continue with such designation and classification. Furthermore, Spring Creek, upon delivery of the irrevocable Letter of Credit to the BLM, would satisfy future mitigation requirements where federal lands designated as suitable for leasing with stipulations or unsuitable for leasing with exceptions would be leased.

Section 4. Signs and Public Announcements. BLM and MDFWP will erect a permanent sign to be located upon the New Project that recognizes Spring Creek as an important and significant contributor to the acquisition and development of the New Project. Any public announcements related to this Agreement or the New Project must first be approved in writing by all parties to this Agreement.

Section 5. Prior Agreements. This Agreement supercedes and replaces any and all prior agreements, conditions or stipulations with respect to the Spring Creek's obligations regarding the Block Management Area and any limitations regarding the right to disturb the Block Management Area with surface coal mining operations.

Section 6. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, if delivered personally, or as of the date posted, if mailed by certified mail, postage prepaid, return receipt requested, at the addresses set forth below.

If to BLM

U.S. Department of Interior
Bureau of Land Management
111 Garryowen Road
Miles City, MT 59301

If to MDFWP

Montana Fish, Wildlife and Parks
Region Seven Headquarters
P.O. Box 1630
Miles City, MT 59301

If to Spring Creek

Spring Creek Coal Company
C/O General Manager
P.O. Box 67
Decker, MT 59025

Section 7. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8. Severability. If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law or public policy, all other conditions and provisions of this Agreement shall nonetheless remain in full force and effect.

Section 9. Entire Agreement. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties relating to the subject matter hereof.

Section 10. Assignment. This Agreement, together with the obligations of any party hereunder, shall be freely assignable; provided, however, that any assignee of any party shall be required to assume in writing all of the obligations hereunder of the assigning party.

Section 11. Amendment; Waiver. This Agreement may not be amended or modified except by an instrument in writing signed by all parties hereto or their successors and assigns. Waiver of any term or condition of this Agreement shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach or waiver of the same term and condition or a waiver of any other term of this Agreement.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Montana applicable to contracts executed in and to be performed in Montana.

Section 13. Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

Spring Creek Coal Company

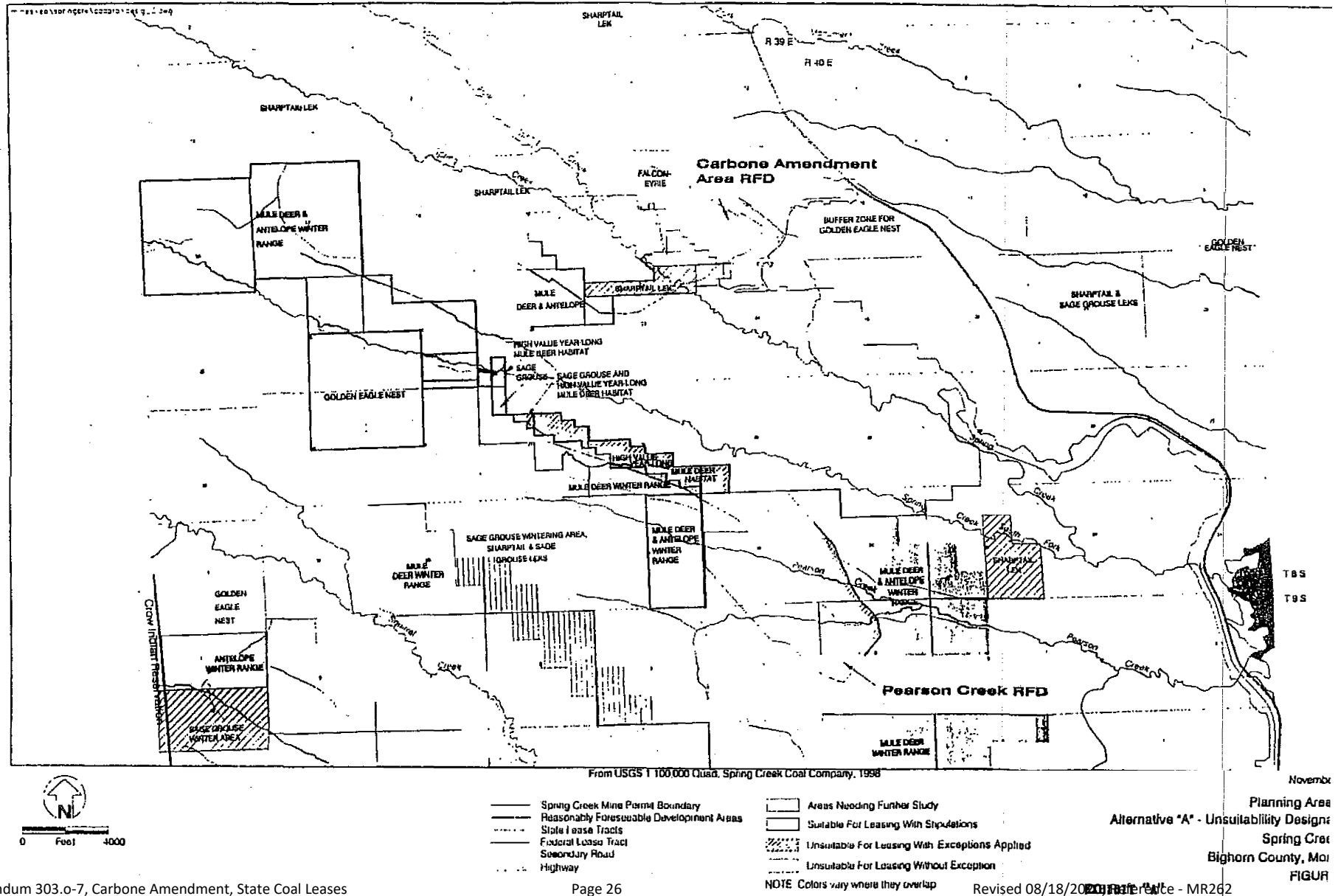
By: Curtis J. Jett
Its: General manager

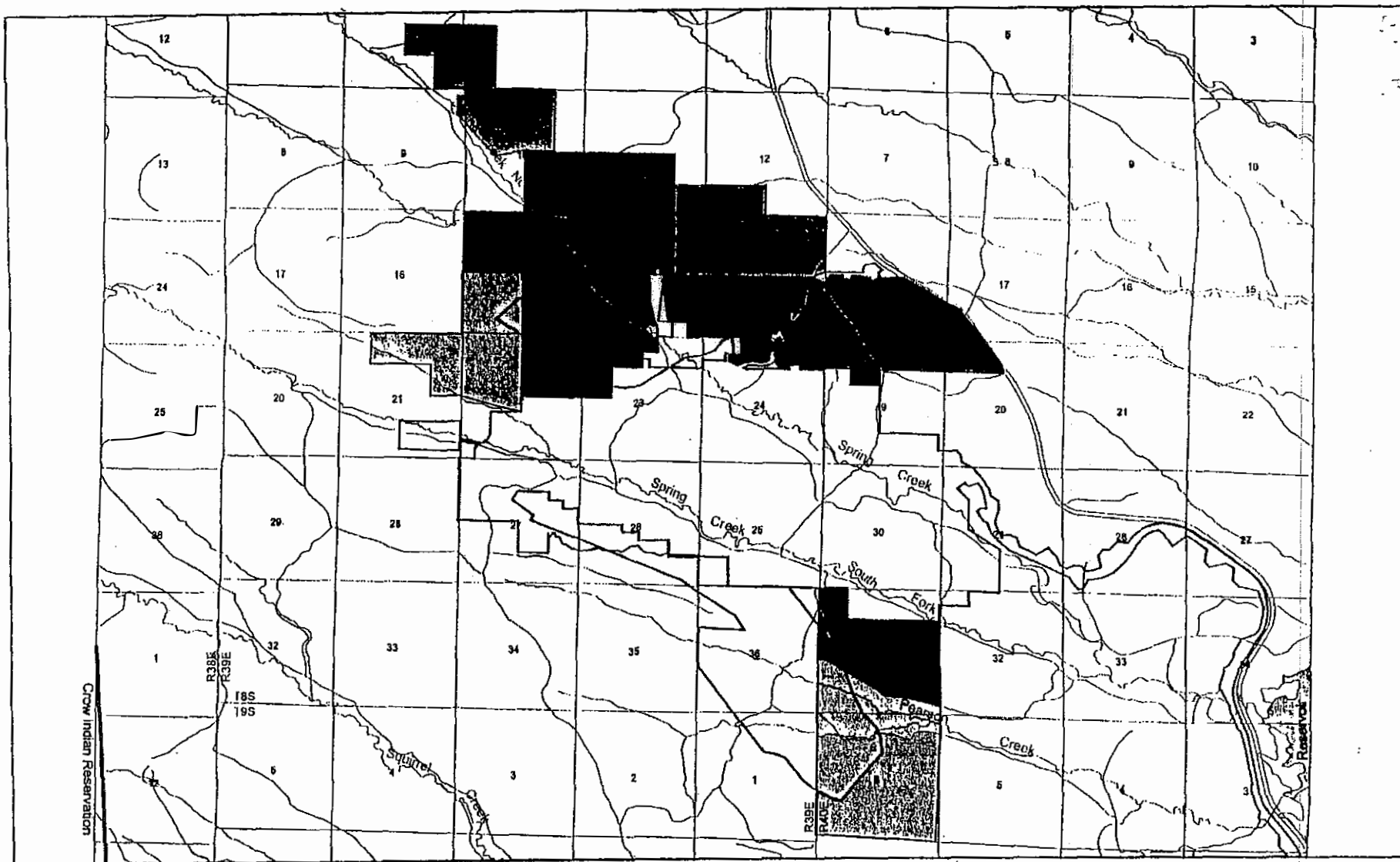
State of Montana Department of
Fish, Wildlife & Parks

By: D. H. Johnson
Its: Region 7 Supervisor

United States of America,
Bureau of Land Management

By: Fred J. Fernald
Its: Assistant Field Manager, Mines





November 1999

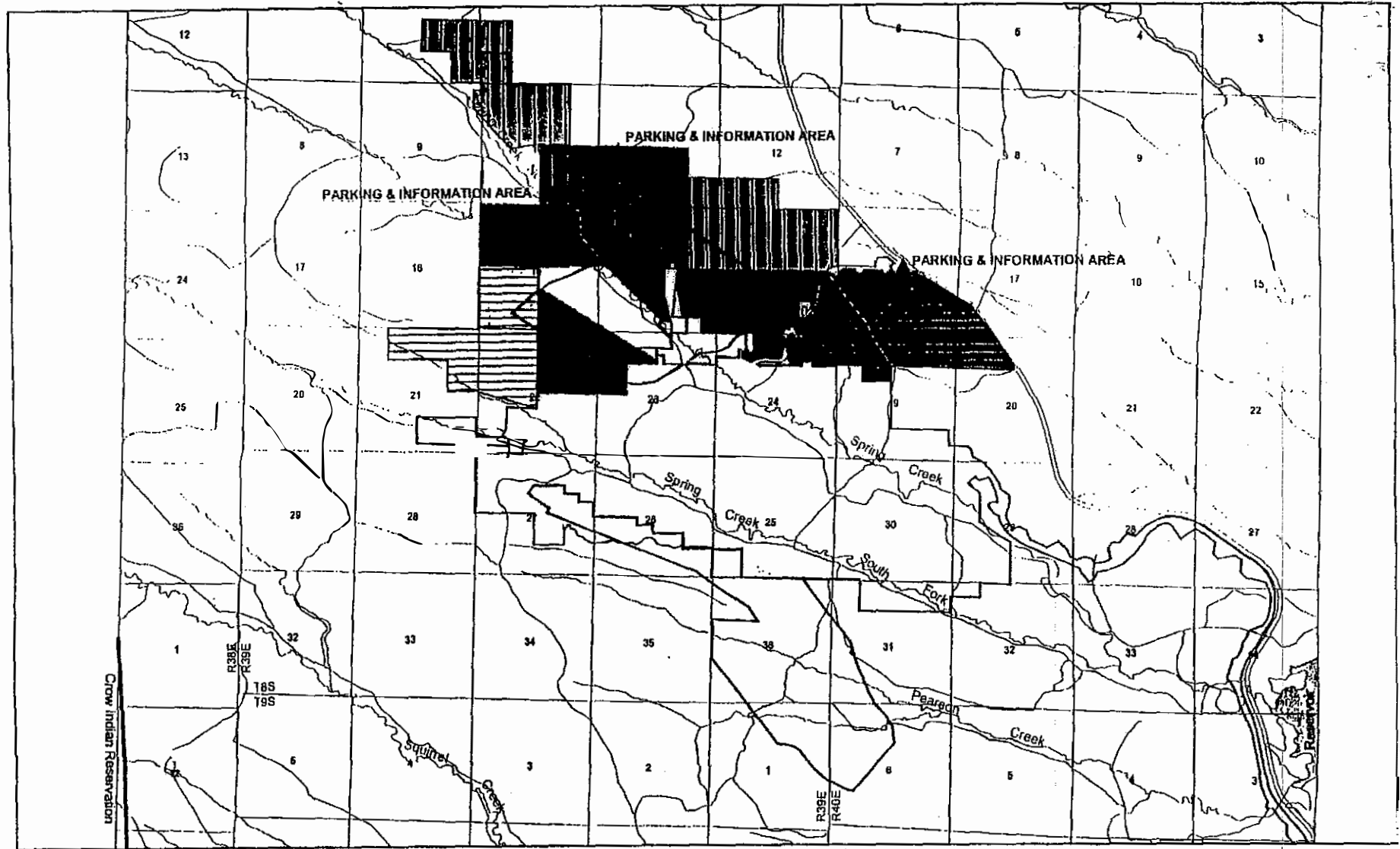
Planning Area Map
Rest Rotation/Grazing Areas
Spring Creek EA
Blighorn County, Montana

FIGURE 3-8



- Pasture Young Utilizes
- Pasture Taylor Utilizes
- Pasture Hamilton Utilizes
- Withdrawn Pasture

- Spring Creek Mine Permit Boundary
- Reasonably Foreseeable Development Area
- State Lease Tract
- Federal Lease Tract



November 1999

Planning Area Map
Block Management Hunting Area
Spring Creek EA

Bighorn County, Montana

FIGURE 3-9



0 Feet 6000
Addendum 303L-21, Carbone Amendment, State Coal Leases

- Walk In
- Bow Only
- No Hunting
- Young
- Taylor
- Hamilton

- Spring Creek Mine Permit Boundary
- Reasonably Foreseeable Development Area
- State Lease Tract
- Federal Lease Tract

Spring Creek Coal Company
P.O. Box 67
Decker, Montana 59025
(406) 757-2581
Fax: (406) 757-2405



January 3, 2001

Mr. Fred O'Ferrall
Assistant Field Manager
U.S. Dept. of Interior Bureau of Land Management
111 Gerryowen Road
Miles City, Montana 59301

RE: Mitigation Agreement, dated November 16, 2000, between Spring Creek Coal Company (Spring Creek), the Bureau of Land Management (BLM), and the Montana Department of Fish, Wildlife and Parks (MDFWP)

Dear Mr. O'Ferrall:

In accordance with Section 1 of the referenced Mitigation Agreement, Spring Creek has arranged for the establishment of an irrevocable standby Letter of Credit (LOC) in the amount of \$175,000, to the benefit of the BLM for and on behalf of the MDFWP. The original LOC, designated LC870-125114, is enclosed.

I want to bring to your attention two items:

1. The LOC was issued on December 18, 2000 and expires on December 18, 2001. Provisions are included to automatically extend the LOC on a yearly basis. This will allow it to remain in effect up to five years as required in the Mitigation Agreement.
2. The LOC was issued by the Wachovia Bank, N.A., P.O. Box 101841, Atlanta, Georgia. The Mitigation Agreement indicated that the LOC would be issued by the First Security Bank, Salt Lake City, Utah.

We do not believe either of these items materially deviate from the express intent and purpose of the Mitigation Agreement. If you do not concur, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Curtis W. Weittenhiller'.

Curtis W. Weittenhiller
General Manager
Spring Creek Coal Company

Kennecott Energy Company provides marketing and other services on behalf of Antelope Coal Company, Caballo Rojo, Inc., Colowyo Coal Company, L.P., Cordero Mining Co., Jacobs Ranch Coal Company, Kennecott Uranium Company, Spring Creek Coal Company and Wyoming Coal Resources Company

DECEMBER 18, 2000

OUR IRREVOCABLE STANDBY LETTER OF CREDIT
LC870-125114

BENEFICIARY:
DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT
FOR AND ON BEHALF OF THE
MONTANA DEPARTMENT OF FISH,
WILDLIFE & PARKS
111 GARYOWEN ROAD
MILES CITY, MT 59301

APPLICANT:
SPRING CREEK COAL COMPANY
P.O. BOX 67
DECKER, MT 59025

AMOUNT: EXACTLY USD 175,000.00
EXACTLY ONE HUNDRED SEVENTY FIVE THOUSAND
AND 00/100'S U.S. DOLLARS

DATE OF EXPIRY: DECEMBER 18, 2001 OR
FUTURE EXTENDED DATE AS PROVIDED HEREIN
PLACE OF EXPIRY: AT OUR COUNTERS

WE HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO:LC870-125114 IN
YOUR FAVOR FOR THE ACCOUNT OF THE ABOVE REFERENCED APPLICANT, UP TO THE
AGGREGATE AMOUNT OF EXACTLY USD 175,000.00 .

THIS LETTER OF CREDIT IS AVAILABLE FOR PAYMENT BY PRESENTATION OF YOUR DRAFT
AT SIGHT DRAWN ON US BEARING THE CLAUSE: "DRAWN UNDER WACHOVIA BANK, N.A.
LETTER OF CREDIT NO:LC870-125114", ACCOMPANIED BY THE FOLLOWING:

1 - BENEFICIARY'S SIGNED STATEMENT READING: "A DEFAULT HAS OCCURRED UNDER THE
MITIGATION AGREEMENT DATED NOVEMBER 16, 2000 BETWEEN THE APPLICANT AND
BENEFICIARY".

2 - THE ORIGINAL LETTER OF CREDIT.

ALL DRAFTS MUST INDICATE THE NUMBER AND DATE OF THIS CREDIT.

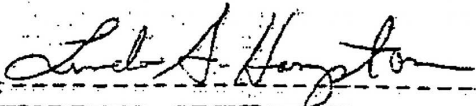
WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE
TERMS OF THIS CREDIT WILL BE DULY HONORED UPON PRESENTATION OF DOCUMENTS TO
ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY
EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM ITS EXPIRATION DATE, OR FROM AN
FUTURE EXPIRATION DATE, UNLESS AT LEAST (120) DAYS PRIOR TO ANY SUCH EXPIRATION
DATE WE SHALL NOTIFY YOU BY REGISTERED/COURIER MAIL, THAT WE ELECT NOT TO
CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH ADDITIONAL PERIOD.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED, THIS DOCUMENTARY CREDIT IS SUBJECT
TO UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION,
INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: LC870-125114 PAGE:

WACHOVIA BANK, N.A.

BY: 
AUTHORIZED SIGNATURE

PLEASE DIRECT ANY CORRESPONDENCE INCLUDING DRAWING OR
INQUIRY QUOTING OUR REFERENCE NUMBER TO WACHOVIA BANK N.A., 401 LINDEN STRE
WINSTON-SALEM, N.C. 27101, ATTN: STANDBY LETTER OF CREDIT UNIT.

THIS DOCUMENT CONSISTS OF 2 PAGE(S).