

ADDENDUM 303.o-15

SPRING CREEK MINE

FEDERAL COAL LEASE MTM-88405



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana/Dakotas State Office

5001 Southgate Drive

Billings, Montana 59101

<http://www.blm.gov/montana-dakotas>



May 4, 2021

CERTIFIED MAIL RETURN RECEIPT REQUESTED

DECISION

Receipt No. 7019 0700 0001 5528 8414

Assignor: :
Spring Creek Coal LLC :
748 T7 Road : COAL LEASE ASSIGNMENTS
Gillette WY 82718 :

Receipt No. 7019 0700 0001 5528 8407

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

Transfer of Interest Affecting Coal Leases Approved

On, November 8, 2019, your assignments of Record Title Interest in a Federal Coal Lease were submitted to this office for approval. The affected coal leases are as follows:

BLM

<u>Serial Number</u>	<u>Acres</u>	<u>Former Owner of Record</u>	<u>New Owner of Record</u>
MTM 069782	1624.06	Spring Creek Coal LLC	Navajo Transitional Energy Company LLC
MTM 094378	692.50	Spring Creek Coal LLC	Navajo Transitional Energy Company LLC
MTM 110453 (LMU)	2316.56	Spring Creek Coal LLC	Navajo Transitional Energy Company LLC
MTM 110692	1379.06	Spring Creek Coal LLC	Navajo Transitional Energy Company LLC
MTM 110693	425.50	Spring Creek Coal LLC	Navajo Transitional Energy Company LLC
MTM 88405	150.00	Spring Creek Coal LLC	Navajo Transitional Energy Company LLC

In addition, on November 8, 2019, the new owners of record, filed acceptable evidence of their qualifications and holdings.

The requested lease assignments are part of the Federal assets that are affected by, and previously agreed to, the parties *In re Cloud Peak Energy Inc., et al.* (Cloud Peak) Sale Order dated October 2, 2019, Chapter 11 Bankruptcy Case No. 19-11047 (Bankr. D. Del.). Cloud Peak acknowledges that the subject Federal coal leases and Logical Mining Units may not be transferred or assigned without the Department of Interior's (DOI) consent. NTEC has voluntarily entered into an installment agreement with the DOI's Office of Natural Resource Revenues (ONRR) for the repayment of past-due royalties owed on the subject Federal coal leases. Where Federal coal leases are sought to be transferred and the DOI has executed an agreement related to those leases, a reorganized debtor or purchaser that has entered into the agreement with the DOI is contractually required to fulfill the agreement's obligations (such as making installment payments) in addition to fulfilling the lease obligations after the leases are assigned. Because NTEC's installment agreement creates a new obligation for payments for monies owed on the lease accounts, the lease accounts will be considered in good standing only if NTEC has complied with the settlement terms. The ONRR has reported to the Bureau of Land Management (BLM) that NTEC is current with its royalty installment payments, and as a result, the BLM has determined that NTEC's agreement with ONRR to pay royalty installment payments, per the terms of the agreement, satisfies/meets the BLM's good standing determination under 43 CFR 3453.3-1(a)(6).

With NTEC having satisfied the regulatory requirements, these assignments are approved effective March 25, 2021, the date this office received copies of all required documents and fees and bond requirements were met. As of this date, the BLM acknowledges that NTEC holds 100 percent record title interest in the above Federal coal leases; therefore, NTEC is responsible for complying with the applicable laws and regulations, in addition to the most recent readjustment of terms and conditions covering these leases. Please note, **rental payments for these leases are due annually.**

Appeal Information

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

A notice of appeal can be submitted by paper hardcopy only. The BLM will not accept a notice of appeal transmitted electronically (e.g., by email, facsimile, or social media means). Also, the BLM will not accept a petition for stay that is transmitted electronically (e.g., by email, facsimile, or social media means). Even if the BLM has previously corresponded with NTEC by email, facsimile, or social media means, the BLM will not accept a notice of appeal transmitted electronically. Both the notice of appeal and any petition for stay must be received on paper at the office address above.

If you wish to file a petition for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board pursuant to Part 4, Subpart B, 4.21 of Title 43, Code of Federal Regulations, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.

Should you have any questions, please feel free to contact Kimberly Dowdle of this office at (406) 896-5046.

Sincerely,



John Mehlhoff
State Director

Enclosure:
Form 1842-1

Cc:
Office of Natural Resources Revenue
Solid Minerals Services
Box 25165, MS 63230B
Denver, CO 80225

Office of Surface Mining
Box 11018
Casper, WY 82602

The Honorable Greg Gianforte
Office of the Governor
Box 200801
Helena, MT 59620

Field Office Manager, Miles City Field Office

Scanned 4/06
RLM

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Date/Time: 04/25/06 01:42 PM

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01 02-25-1920;041STAT0438;30USC181ETSEQ

Total Acres
150.000

Serial Number
MTM--- - 088405

Case Type 342505: NONREG COMP COAL LSE-LBA

Commodity 140: COAL L

Case Disposition: AUTHORIZED

Serial Number: MTM--- - 088405

Name & Address	Int Rel	% Interest
SPRING CRK COAL CO BOX 67 DECKER MT 59025	LESSEE	100.000000000

Serial Number: MTM--- - 088405

Mer Twp Rng Sec	STyp	SNr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
20 0080S 0390E 013	ALIC		SWSWSW,SWSWSWSW;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S 0390E 014	ALIC		S2SWNESE,S2NESESE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S 0390E 014	ALIC	1	NWNESESE,S2SESE,NWSESE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S 0390E 023	ALIC		NENE,SESNNWNE,N2SWNNWNE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S 0390E 023	ALIC	1	E2NNWNE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S 0390E 024	ALIC		NWSENWNNW,N2SWNNWNNW,N2NNWNNW;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT

Serial Number: MTM--- - 088405
Pending Office

Act Date	Code	Action	Action Remarks
06/26/1998	124	APLM RECD	#0900; JM
06/26/1998	258	SPLIT ESTATE ACREAGE	150.000;
06/30/1998	669	LAND STATUS CHECKED	
07/01/1998	004	NEPA ANALYSIS INITIATED	
07/01/1998	104	ADDTL INFO RQSTD	SURF CONTROL DOCUMENT
07/23/1998	103	ADDTL INFO RECD	
08/06/1998	610	PUBLISHED	/A/ 63FR42059;
07/10/2000	005	NEPA ANALYSIS APPROVED	MT-020-99-20;
07/14/2000	610	PUBLISHED	/B/ 65FR43778;
08/01/2000	222	HEARING HELD	
10/11/2000	195	BIDS REQUESTED	#1000 11/27/00;
10/17/2000	610	PUBLISHED	/C/ 65FR61362;
11/27/2000	143	BONUS BID PAYMENT RECD	\$348040.01;1/5
11/27/2000	191	SALE HELD	01 SEALED;
11/27/2000	267	BID RECEIVED	\$1740200.05;
11/28/2000	196	BID ACCEPTED	\$11601.33;
11/28/2000	254	QUALIFICATION APPV/ACPT	
11/29/2000	104	ADDTL INFO RQSTD	DOJ DISCLOSURE DOC;
12/07/2000	103	ADDTL INFO RECD	
01/24/2001	104	ADDTL INFO RQSTD	RENT,BOND,SIGNATURE;
01/24/2001	106	MONIES REQUESTED	\$1491.95;
02/12/2001	111	RENTAL RECEIVED	\$450;
02/12/2001	392	MONIES RECEIVED	\$1041.95;PUBLICATION
03/05/2001	103	ADDTL INFO RECD	SIGNED LEASE;
03/06/2001	237	LEASE ISSUED	
04/01/2001	316	SUBJECT TO DILIGENCE	PFIS;
04/01/2001	496	FUND CODE	05;145003
04/01/2001	530	RLTY RATE - 12 1/2%	SURF;
04/01/2001	868	EFFECTIVE DATE	
04/01/2001	909	BOND ACCEPTED	MT1057;
04/25/2001	465	BOND REVIEWED	

NO WARRANTY IS MADE BY BLM
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PURPOSES NOT INTENDED BY BLM

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
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05/25/2001	329	R2P2 RECEIVED	R2P2 RECEIVED;	
06/06/2001	330	R2P2 APPROVED	R2P2 APPROVED;	
08/01/2001	992	RIDER FILED		
08/03/2001	993	RIDER ACCEPTED	DECR TO \$1392610;	
09/26/2001	324	INSPECTION COMPLETED	INAC, 0.2;	
12/12/2001	324	INSPECTION COMPLETED	INAC, 0.2;	
02/11/2002	992	RIDER FILED	DECR TO \$1044570;	
03/20/2002	324	INSPECTION COMPLETED	INAC, 2.0;	
06/20/2002	324	INSPECTION COMPLETED	INAC, 1.0;	
09/17/2002	324	INSPECTION COMPLETED	INAC, 0.5;	
12/07/2002	465	BOND REVIEWED		
09/22/2003	376	BOND FILED	REPLACEMENT /D/;	
09/22/2003	378	BOND PERIOD TERMINATED	/E/;	
09/22/2003	378	BOND PERIOD TERMINATED	SEE MTB0000039;	
09/22/2003	909	BOND ACCEPTED	MTB0000039;	
09/23/2003	324	INSPECTION COMPLETED	INAC, 1.0;	
04/01/2004	328	R2P2 PLAN DUE		BR OF SOLID MINERALS
04/06/2004	465	BOND REVIEWED		
09/22/2004	324	INSPECTION COMPLETED	INAC, 1.0;	
06/09/2005	465	BOND REVIEWED	NO CHANGE;	
09/15/2005	324	INSPECTION COMPLETED	INAC, 0.2;	
03/21/2006	324	INSPECTION COMPLETED	INAC, 2.0;	
04/04/2006	465	BOND REVIEWED	NO CHANGE;	
03/31/2011	317	DILIGENCE DUE DATE		
04/01/2021	623	READJUSTMENT DUE		BR OF SOLID MINERALS

Line Nr Remarks

Serial Number: MTM--- - 088405

0001	/A/ NOTICE OF APPLICATION.
0002	/B/ NOTICE OF RMP AMEND & FMV/MER HEARING DATE.
0003	/C/ SALE NOTICE.
0004	/D/ REPLACEMENT BOND LIBERTY MUTUAL INSURANCE CO.
0005	/E/ FIREMANS FUND INSURANCE CO.

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01 02-25-1920;041STAT0438;30USC181ETSEQ
Case Type 342505: NONREG COMP COAL LSE-LBA
Commodity 140: COAL L
Case Disposition: AUTHORIZED

Total Acres
150.000

Serial Number
MTM--- - 088405

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Name & Address	Int Rel	% Interest
SPRING CRK COAL CO BOX 67 DECKER MT 59025	LESSEE	100.000000000

Serial Number: MTM--- - 088405

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
20 0080S	0390E	013	ALIQ		SWSWSW,SWSWSWSW;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	014	ALIQ		S2SWNESE,S2NESESE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	014	ALIQ	1	NWNESESE,S2SESE,NWSESE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	023	ALIQ		NENE,SESWNWNE,N2SWNWNE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	023	ALIQ	1	E2NWNE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	024	ALIQ		NWSENWNW,N2SWNWNW,N2NWNW;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT

Serial Number: MTM--- - 088405

Act Date	Code	Action	Action Remarks	Pending Office
06/26/1998	124	APLN RECD	#0900: JM	
06/26/1998	258	SPLIT ESTATE ACREAGE	150.000:	
06/30/1998	669	LAND STATUS CHECKED		
07/01/1998	004	NEPA ANALYSIS INITIATED		
07/01/1998	104	ADDTL INFO ROSTD	SURF CONTROL DOCUMENT	
07/23/1998	103	ADDTL INFO RECD		
08/06/1998	610	PUBLISHED	/A/ 63FR42059:	
07/10/2000	005	NEPA ANALYSIS APPROVED	MT-020-99-20:	
07/14/2000	610	PUBLISHED	/B/ 65FR43778:	
08/01/2000	222	HEARING HELD		
10/11/2000	195	BIDS REQUESTED	#1000 11/27/00:	
10/17/2000	610	PUBLISHED	/C/ 65FR61362:	
11/27/2000	143	BONUS BID PAYMENT RECD	\$348040.01:1/5	
11/27/2000	191	SALE HELD	01 SEALED:	
11/27/2000	267	BID RECEIVED	\$1740200.05:	
11/28/2000	196	BID ACCEPTED	\$11601.33:	
11/28/2000	254	QUALIFICATION APPV/ACPT		
11/29/2000	104	ADDTL INFO ROSTD	DOJ DISCLOSURE DOC:	
12/07/2000	103	ADDTL INFO RECD		
01/24/2001	104	ADDTL INFO ROSTD	RENT.BOND.SIGNATURE:	
01/24/2001	106	MONIES REQUESTED	\$1491.95:	
02/12/2001	111	RENTAL RECEIVED	\$450:	
02/12/2001	392	MONIES RECEIVED	\$1041.95:PUBLICATION	
03/05/2001	103	ADDTL INFO RECD	SIGNED LEASE:	
03/06/2001	237	LEASE ISSUED		
04/01/2001	316	SUBJECT TO DILIGENCE	PFIS:	
04/01/2001	496	FUND CODE	05:145003	
04/01/2001	530	RLTY RATE - 12 1/2%	SURF:	
04/01/2001	868	EFFECTIVE DATE		
04/01/2001	909	BOND ACCEPTED	MT1057:	
04/25/2001	465	BOND REVIEWED		
05/25/2001	329	R2P2 RECEIVED	R2P2 RECEIVED:	
06/06/2001	330	R2P2 APPROVED	R2P2 APPROVED:	
08/01/2001	992	RIDER FILED		
08/03/2001	993	RIDER ACCEPTED	DECR TO \$1392610:	

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**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
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09/26/2001	324	INSPECTION COMPLETED	INAC. 0.2:	
12/12/2001	324	INSPECTION COMPLETED	INAC. 0.2:	
02/11/2002	992	RIDER FILED	DECR TO \$1044570:	
03/20/2002	324	INSPECTION COMPLETED	INAC. 2.0:	
06/20/2002	324	INSPECTION COMPLETED	INAC. 1.0:	
09/17/2002	324	INSPECTION COMPLETED	INAC. 0.5:	
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09/23/2003	324	INSPECTION COMPLETED	INAC. 1.0:	
04/01/2004	328	R2P2 PLAN DUE		BR OF SOLID MINERALS
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Line Nr	Remarks	Serial Number:	MTM---	088405
0001	/A/ NOTICE OF APPLICATION.			
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01 02-25-1920;041STAT0438;30USC181ETSEQ
Case Type 342505: NONREG COMP COAL LSE-LBA
Commodity 140: COAL L
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Name & Address	Int Rel	% Interest
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Serial Number: MTM--- - 088405

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20 0080S	0390E	014	ALIQ	1		NWNESESE,S2SESE,NWSESE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	023	ALIQ			NENE,SESWNWNE,N2SWNWNE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	023	ALIQ	1		E2NWNE;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT
20 0080S	0390E	024	ALIQ			NWSENWNW,N2SWNWNW,N2NWNW;	MILES CITY FIELD OFFICE	BIG HORN	BUREAU OF LAND MGMT

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12/12/2001	324	INSPECTION COMPLETED	INAC, 0.2;	

NO WARRANTY IS MADE BY BLM

FOR USE OF THE DATA FOR

PURPOSES NOT INTENDED BY BLM

Addendum 303.o-15, Federal Coal MTM88405

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Revised 05/05/2021; Reference - MR262

SCCL-COAL-LSE-PROD-1008

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

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12/07/2002	465	BOND REVIEWED	
04/01/2004	328	R2P2 PLAN DUE	BR OF SOLID MINERALS
03/31/2011	317	DILIGENCE DUE DATE	
04/01/2021	623	READJUSTMENT DUE	BR OF SOLID MINERALS

Line Nr Remarks

Serial Number: MTM--- - 088405

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0002	/B/ NOTICE OF RMP AMEND & FMV/MER HEARING DATE.
0003	/C/ SALE NOTICE.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COAL LEASE

MAR - 5 01

RECEIVED
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0073
Expires: October 31, 2000

Serial Number

MTM 88405

PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, and
(Name and Address)

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

hereinafter called lessee, is effective **April 1, 2001**, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- ☒ Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
☐ Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 8 S., R. 39 E., P.M.M.

Sec. 13: SW¹/₄SW¹/₄SW¹/₄, SW¹/₄SE¹/₄SW¹/₄

Sec. 14: S¹/₄SW¹/₄NE¹/₄SE¹/₄, S¹/₄NE¹/₄SE¹/₄SE¹/₄, NW¹/₄NE¹/₄SE¹/₄SE¹/₄,
S¹/₄SE¹/₄SE¹/₄, NW¹/₄SE¹/₄SE¹/₄

Sec. 23: NE¹/₄NE¹/₄, SE¹/₄SW¹/₄NW¹/₄NE¹/₄, N¹/₄SW¹/₄NW¹/₄NE¹/₄, E¹/₄NW¹/₄NE¹/₄

Sec. 24: NW¹/₄SE¹/₄NW¹/₄NW¹/₄, N¹/₄SW¹/₄NW¹/₄NW¹/₄, N¹/₄NW¹/₄NW¹/₄

Big Horn County, Montana

containing 150.00 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$ 3.00 for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12½ per cent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$ 5,000.00*. The authorized officer may require an increase in this amount when additional coverage is determined appropriate. * plus deferred bonus balance

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

See "Exhibit A" attached (4 pages).

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501, et seq.) requires us to inform you that:

This information is being collected to authorize and evaluate proposed exploration and mining operations on public lands.

Response to the provisions of this lease form is mandatory for the types of activities specified.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is one hour. This Includes reading the instructions and provisions, completing and signing the lease form to BLM. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management, Information Clearance Officer (WO-630), Mail Stop 401 LS, Washington, D.C. 20240, and the Office of Management and Budget, Office of Information and Regulatory Affairs, Interior Desk Officer (1004-0073), Washington, D.C. 20503.

THE UNITED STATES OF AMERICA

Spring Creek Coal Company

Company or Lessee Name

Arthur W. Whittell

(Signature of Lessee)

General Manager - Spring Creek Coal

(Title)

February 23, 2001

(Date)

By

Randy D. Heushcer

Randy D. Heushcer

(Signing Officer)

Chief, Branch of Solid Minerals
Montana State Office

(Title)

March 6, 2001

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



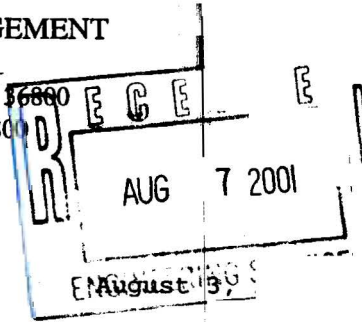
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana State Office
5001 Southgate Drive, P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>

IN REPLY TO:

MTM 88405
3474 (921.6)



NOTICE

Spring Creek Coal Company :
Box 67 : COAL
Decker, Montana 59025 :

*SECC-coal-lie-
app 1008*

Rider to Lease Bond Accepted

On August 1, 2001, Spring Creek Coal Company, furnished a rider to Coal Lease Bond No. 11127471644, decreasing the amount from \$1,397,160.04 to \$1,392,610.00; Fireman's Fund Insurance Company, surety.

The rider to the above bond for Federal Coal Lease No. MTM 88405, decreasing the amount to \$1,392,610.00, is accepted effective as of the date of receipt in this office, August 1, 2001, and has been attached to the original coal lease bond.

Ans to prev

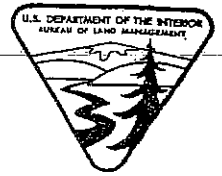
Edward J. Hugel
For Randy D. Heuscher
Chief, Branch of Solid Minerals

CC:

✓ Kennecott Energy Company, 505 S. Gillette Ave., Gillette, WY 82717-3009
Kennecott Energy, Attn: Jack R. Welch, P.O. Box 6001, Magna, UT 84044-6001
Minerals Management Service, Minerals Revenue Management,
Onshore Compliance and Asset Management, Solids and Geothermal Team,
Mail Stop 3153, P.O. Box 25165, Denver, CO 80225-0165



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Montana State Office

5001 Southgate Drive, P.O. Box 36800

Billings, Montana 59107-6800

<http://www.mt.blm.gov/>

IN REPLY TO:

MTM 88405

3425 (921.6)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 6, 2001

NOTICE

Spring Creek Coal Company :
P.O. Box 67 : COAL LEASE
Decker, Montana 59025 :

Coal Lease Issued - Lease Bond Accepted

On February 12, 2001, Spring Creek Coal Company remitted the first year's rental and advertising costs as required by our Notice dated January 21, 2001. On March 5, 2001, Spring Creek provided the signed lease forms.

Enclosed is Federal Coal Lease MTM 88405, issued to Spring Creek Coal Company, which is approved effective April 1, 2001. The lands included in this lease are described as follows:

T. 8 S., R. 39 E., P.M.M.

Sec. 13: SW¹/₄SW¹/₄SW¹/₄, SW¹/₄SE¹/₄SW¹/₄

Sec. 14: S¹/₂SW¹/₄NE¹/₄SE¹/₄, S¹/₂NE¹/₄SE¹/₄SE¹/₄, NW¹/₄NE¹/₄SE¹/₄SE¹/₄, S¹/₂SE¹/₄SE¹/₄,
NW¹/₄SE¹/₄SE¹/₄

Sec. 23: NE¹/₄NE¹/₄, SE¹/₄SW¹/₄NW¹/₄NE¹/₄, N¹/₂SW¹/₄NW¹/₄NE¹/₄, E¹/₂NW¹/₄NE¹/₄

Sec. 24: NW¹/₄SE¹/₄NW¹/₄NW¹/₄, N¹/₂SW¹/₄NW¹/₄NW¹/₄, N¹/₂NW¹/₄NW¹/₄

150.00 acres, Big Horn County, Montana

On January 31, 2001, Spring Creek Coal Company furnished coal lease bond number 11127471644, executed on January 25, 2001, in the amount of \$1,392,610.00, Fireman's Fund Insurance Company, surety, for coal lease MTM 88405. The bond is accepted effective April 1, 2001.

Should you have any questions or need additional information, please contact Bettie Schaff of this office at telephone (406) 896-5063.

Randy D. Heuscher

Chief, Branch of Solid Minerals

2 Enclosures

1-Coal Lease MTM 88405

2-Executed Mitigation Agreement

cc: (w/enc.)

~~Jill Ptacek, Department of Justice, Anti-Trust Division, TEA Section,~~
325 7th Street NW, Washington D.C. 20530

Honorable Judy Martz, Governor of Montana, 1625 11th Ave., Helena, MT 59620

Bud Clinch, Department of Natural Resources & Conservation,
P.O. Box 201601, Helena, MT 59620-1601

Office of Surface Mining, Western Regional Coordinating Center,,
1999 Broadway, Suite 3320, Denver, CO 80222-5733

Minerals Management Service, Minerals Revenue Management, Onshore Compliance
and Asset Management, Solids and Geothermal Team, Mail Stop 3153,
P.O. Box 25165, Denver, CO 80225-0165

cc: (w/o enc.)

Tina Marie Foster, Attorney-in-Fact, Fireman's Fund Insurance Company,
c/o MARSH USA INC., P.O. Box 19810, Knoxville, TN 37939-2810

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

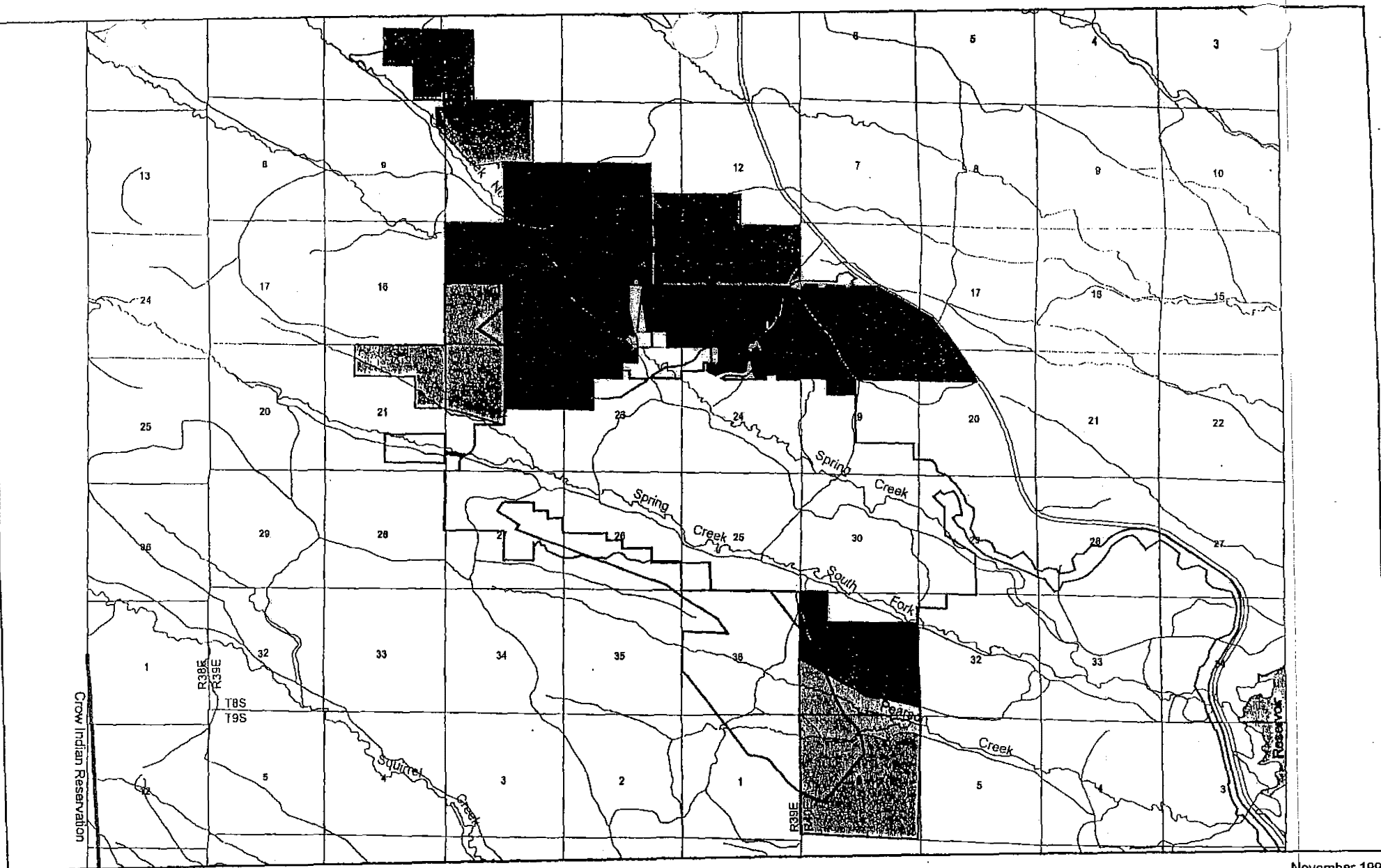
By: Curtis J. [Signature]
Its: General Manager

State of Montana Department of
Fish, Wildlife & Parks

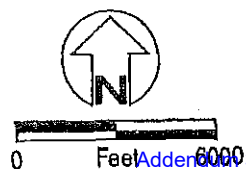
By: [Signature]
Its: Region 7 Supervisor

United States of America,
Bureau of Land Management

By: Fred O. Fenall
Its: Assistant Field Manager, Mineral



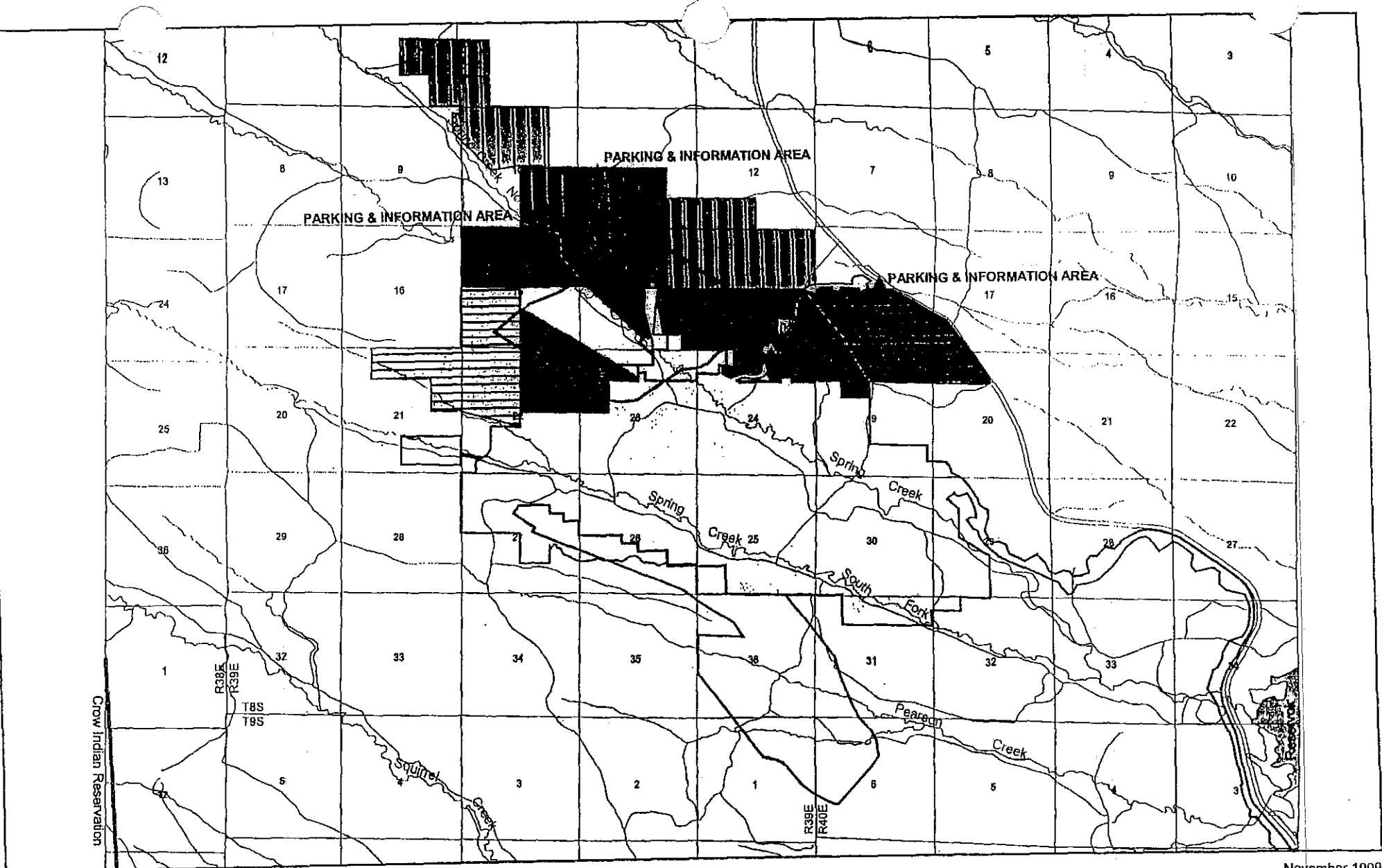
November 1999



- 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

Planning Area Map
Rest Rotation/Grazing Areas
Spring Creek EA
Bighorn County, Montana
FIGURE 3-8



November 1999

Planning Area Map
Block Management Hunting Area
Spring Creek EA
Bighorn County, Montana

FIGURE 3-9

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

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

Page 24

Revised 05/05/2021; Reference - MR262

EXHIBIT "C"



0 Feet 6000

Amendment 303.o-15, Federal Coal MTM88405

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR - 5 01

FORM APPROVED
OMB NO. 1004-0073
Expires: October 31, 2000

COAL LEASE

RECEIVED
FALLS, MONTANA

Serial Number

MTM 88405

PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management
(Name and Address)

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

hereinafter called lessee, is effective April 1, 2001, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- ☒ Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act
☐ Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the deposits in, upon, or under the following described lands:

T. 8 S., R. 39 E., P.M.M.

Sec. 13: SW¹/₄SW¹/₄SW¹/₄, SW¹/₄SE¹/₄SW¹/₄

Sec. 14: S¹/₄SW¹/₄NE¹/₄SE¹/₄, S¹/₄NE¹/₄SE¹/₄SE¹/₄, NW¹/₄NE¹/₄SE¹/₄SE¹/₄,
S¹/₄SE¹/₄SE¹/₄, NW¹/₄SE¹/₄SE¹/₄

Sec. 23: NE¹/₄NE¹/₄, SE¹/₄SW¹/₄NW¹/₄NE¹/₄, N¹/₄SW¹/₄NW¹/₄NE¹/₄, E¹/₄NW¹/₄NE¹/₄

Sec. 24: NW¹/₄SE¹/₄NW¹/₄NW¹/₄, N¹/₄SW¹/₄NW¹/₄NW¹/₄, N¹/₄NW¹/₄NW¹/₄

Big Horn County, Montana

containing 150.00 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

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The lessor reserves the power to assent to or order the suspension of terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor or the lessee's application or at the direction of the lessor, the lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of the lease so long as the lease remains committed to the LMU. If the LMU, in which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

See "Exhibit A" attached (4 pages).

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501, et seq.) requires us to inform you that:

Information is being collected to authorize and evaluate proposed exploration and mining operations on public lands. Response to the provisions of this lease form is mandatory for the types of activities specified.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is one hour. This includes reading the instructions and provisions, completing and signing the form to BLM. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management, Information Clearance Officer (WO-630), Mail Stop 401 LS, Washington, D.C. 20240, and the Office of Management and Budget, Office of Information and Regulatory Affairs, Interior Desk Officer (1004-0073), Washington, D.C. 20503.

THE UNITED STATES OF AMERICA

Spring Creek Coal Company

Company or Lessee Name

Curtis W. Wintersville

(Signature of Lessee)

General Manager - Spring Creek Coal Co

(Title)

February 23, 2001

(Date)

By Bureau of Land Management

Randy D. Heuscher

Randy D. Heuscher

(Signing Officer)

Chief, Branch of Solid Minerals
Montana State Office

(Title)

March 6, 2001

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed site or design of facilities, timing of operations, and specification of initial and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 15. SPECIAL STIPULATIONS -

DEFERRED BONUS PAYMENT SCHEDULE:

- 1/5th on first anniversary date;
- 1/5th on second anniversary date;
- 1/5th on third anniversary date; and
- 1/5th on fourth anniversary date.

Sec. 9. (a) TRANSFERS

- ☒ This lease may be transferred in whole or in part to any per association or corporation qualified to hold such lease interest
- ☐ This lease may be transferred in whole or in part to any public body or to a person who will mine the coal on behalf of, for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agree to be obligated to mine the coal on behalf of the public body
- ☐ This lease may only be transferred in whole or in part to any small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground workings, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all of its structures, machinery, equipment, tools, and materials that it elects to remove or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface of the leased lands is owned by third parties, lessor shall waive the requirement for removal of such property provided the third parties do not object to such waiver. Lessee shall prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations reclaim all lands the surface of which has been disturbed, dispose of debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal or equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST - Each obligation under this lease shall extend to and be binding upon, and every benefit hereunder shall inure to, the heirs, executors, administrators, successors, assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et. seq.), the Clean Air Act (42 U.S.C. 4274 et. seq.) and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et. seq.).

EXHIBIT A

Sec. 15. SPECIAL STIPULATIONS - In addition to observing the general obligations and standards of performance set out in the current regulations, the lessee shall comply with and be bound by the following stipulations. These stipulations are also imposed upon the lessee's agents and employees. The failure or refusal of any of these persons to comply with these stipulations shall be deemed a failure of the lessee to comply with the terms of the lease. The lessee shall require his agents, contractors and subcontractors involved in activities concerning this lease to include these stipulations in the contracts between and among them. These stipulations may be revised or amended, in writing, by the mutual consent of the lessor and the lessee at any time to adjust to changed conditions or to correct an oversight.

CULTURAL RESOURCES -

(1) Before undertaking any activities that may disturb the surface of the leased lands, the lessee shall conduct a cultural resource intensive field inventory in a manner specified by the Authorized Officer of the BLM (hereinafter referred to as the Authorized Officer) on portions of the mine plan area, or exploration plan area, that may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. Cultural resources are defined as a broad, general term meaning any cultural property or any traditional lifeway value, as defined below:

Cultural property: a definite location of past human activity, occupation, or use identifiable through field inventory (survey), historical documentation, or oral evidence. The term includes archaeological, historic, or architectural sites, structure, or places with important public and scientific uses, and may include traditional cultural or religious importance to specified social and/or cultural groups. Cultural properties are concrete, material places, and things that are classified, ranked, and managed through the system of inventory, evaluation, planning, protection, and utilization.

Traditional lifeway value: the quality of being useful in or important to the maintenance of a specified social and/or cultural group's traditional systems of (a) religious belief, (b) cultural practice, or (c) social interaction, not closely identified with definite locations. Another group's shared values are abstract, nonmaterial, ascribed ideas that one cannot know about without being told. Traditional lifeway values are taken into account through public participation during planning and environmental analysis.

The cultural resources inventory shall be conducted by a qualified professional cultural resource specialist; i.e., archaeologist, anthropologist, historian, or historical architect, as appropriate and necessary, and approved by the Authorized Officer (BLM if the surface is privately owned). A report of the inventory and recommendations for protection of any cultural resources identified shall be submitted to the Assistant Director of the Western Support Center of the Office of Surface Mining (hereinafter referred to as the Assistant

Director) by the Authorized Officer. Prior to any on-the-ground cultural resource inventory, the selected professional cultural resource specialist shall consult with the BLM, the Northern Cheyenne Cultural Protection Board, and the Crow Historic and Cultural Committee. The purpose of this consultation will be to guide the work to be performed and to identify cultural properties or traditional lifeway values within the immediate and surrounding mine plan area. The lessee shall undertake measures, in accordance with instructions from the Assistant Director to protect cultural resources on the leased lands. The lessee shall not commence the surface-disturbing activities until permission to proceed is given by the Assistant Director in consultation with the Authorized Officer.

(2) The lessee shall protect all cultural resource properties within the lease area from lease related activities until the cultural resource mitigation measures can be implemented as part of an approved mining and reclamation plan or exploration plan.

(3) The cost of carrying out the approved site mitigation measures shall be borne by the lessee.

(4) If cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the Assistant Director, or the Authorized Officer if the Assistant Director is not available. The lessee shall not disturb such resources except as may be subsequently authorized by the Assistant Director. Within two (2) working days of notification, the Assistant Director will evaluate or have evaluated any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries. The cost of data recovery for cultural resources discovered during lease operations shall be borne by the surface managing agency unless otherwise specified by the Authorized Officer.

(5) All cultural resources shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

PALEONTOLOGICAL RESOURCES -

If a paleontological resource, either large and conspicuous, and/or of significant scientific value is discovered during construction, the find will be reported to the authorized officer immediately. Construction will be suspended within 250 feet of said find. An evaluation of the paleontological discovery will be made by a BLM approved professional paleontologist within five (5) working days, weather permitting, to determine the appropriate action(s) to prevent the potential loss of any significant paleontological value. Operations within 250 feet of such discovery will not be resumed until written authorization to proceed is issued by the Authorized Officer. The lessee will bear the cost of any required paleontological appraisals, surface collection of fossils, or salvage of any large conspicuous fossils of significant interest discovered during the operation.

PUBLIC LAND SURVEY PROTECTION -

The lessee will protect all survey monuments, witness corners, reference monuments, and bearing trees against destruction, obliteration, or damage during operations on the lease areas. If any monuments, corners or accessories are destroyed, obliterated or damaged by this operation, the lessee will hire an appropriate county surveyor or registered land surveyor to reestablish or restore the monuments, corners, or accessories at the same locations, using surveying procedures in accordance with the "Manual of Surveying Instructions for the Survey of Public Lands of the United States." The survey will be recorded in the appropriate county records, with a copy sent to the authorized officer.

RESOURCE RECOVERY AND PROTECTION PLAN (R2P2) -

Notwithstanding the approval of a resource recovery and protection plan (R2P2) by the BLM, lessor reserves the right to seek damages against the operator/lessee in the event (i) the operator/lessee fails to achieve maximum economic recovery (MER) [as defined at 43 CFR 3480.0-5.2(21)] of the recoverable coal reserves or (ii) the operator/lessee is determined to have caused a wasting of recoverable coal reserves. Damages shall be measured on the basis of the royalty that would have been payable on the wasted or unrecovered coal.

The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coal bed or portion thereof is not to be mined or is rendered unmineable by the operation, the operator shall submit appropriate justification to obtain approval by the authorized officer to leave such reserves unmined. Upon approval by the authorized officer, such coal beds or portions thereof shall not be subject to damages as described above. Further, nothing in this section shall prevent the operator/lessee from exercising its right to relinquish all or a portion of the lease as authorized by statute and regulation.

In the event the authorized officer determines that the R2P2 as approved will not attain MER as the result of changed conditions, the authorized officer will give proper notice to the operator/lessee as required under applicable regulations. The authorized officer will order a modification if necessary, identifying additional reserves to be mined in order to attain MER. Upon a final administrative or judicial ruling upholding such an ordered modification, any reserves left unmined (wasted) under that plan will be subject to damages as described in the first paragraph under this section.

Subject to the right to appeal hereinafter set forth, payment of the value of the royalty on such unmined recoverable coal reserves shall become due and payable upon determination by the authorized officer that the coal reserves have been rendered unmineable or at such time that the lessee has demonstrated an unwillingness to extract the coal.

The BLM may enforce this provision either by issuing a written decision requiring payment of the MMS demand for such royalties, or by issuing a notice of non-compliance. A decision or notice of non-compliance issued by the lessor that payment is due under this stipulation is appealable as allowed by law.

MITIGATION

- (1) All disturbed land must be restored to the approximate original contour and vegetated to restore mule deer and grouse habitat.
- (2) A buffer zone of 1,200 feet will be established around the known prairie falcon nesting site and designated as "unsuitable for mining without exception." In addition, activities associated with the preliminary development of the mine will only be allowed within the buffer zone from July 15 to March 1 in any given year to reduce disturbance during the nesting season. The buffer zone around the prairie falcon eyrie will also serve to protect a rock art site.
- (3) The lessee will provide monetary compensation to help establish an off-site mitigation area equal in value to the block management and rest rotation grazing mitigation currently in place. The off-site property would be located in the general area and established via a conservation easement obtained from private landowners. The conservation easement will be issued to, and administered by, the Montana Department of Fish, Wildlife and Parks (MFWP) and will be managed to conserve wildlife habitat values and provide hunting block management opportunities. This mitigation will replace the existing block management and rest rotation grazing. The off-site mitigation compensation plan will be formalized in an agreement signed by the lessee, MFWP and BLM. In the event that the mitigation agreement is not signed, the existing rest rotation grazing and hunter block management mitigation will remain in effect.