



IN REPLY REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7093



www.co.blm.gov

NOV - 1 2002

CO-921(KM)
3425/3474
COC 62920
Coal

Decision

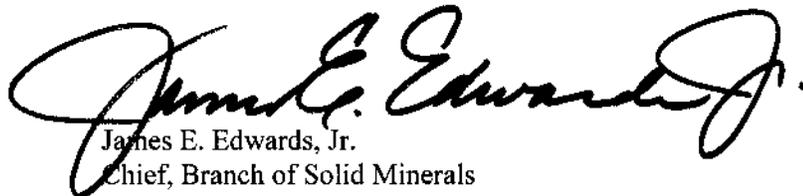
National King Coal, LLC
P.O. Box 2905
Durango, Colorado 81302

Bond Accepted; Coal Lease Issued

On December 4, 2001, National King Coal, LLC submitted the high bid at the Colorado State Office competitive coal lease sale for 1,304.51 acres identified as serial number COC 62920. As conditions for lease issuance, National King Coal, LLC (1) executed four copies of lease COC 62920, (2) submitted the first year's rental, and (3) submitted a payment for advertising the coal sale.

A \$322,000 lease bond no. 103858892 having National King Coal, LLC as principal and Travelers Casualty and Surety Company of America as surety, has been examined, found satisfactory, and is hereby accepted effective November 1, 2002.

All statutory and regulatory requirements having been met, coal lease COC 62920 is hereby issued to National King Coal, LLC effective November 1, 2002.



James E. Edwards, Jr.
Chief, Branch of Solid Minerals
Division of Energy, Lands and Minerals

Enclosure

cc:

OSMRE w/lse

CDMG w/lse

MMS, Sol Mins Rep Sec w/lse

FOM, Uncompahgre FO w/lse

Surety

Governor

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Serial Number

COC 62920

COAL LEASE

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)

National King Coal, LLC
P.O. Box 2905
Durango, Colorado 81302

NOV - 1 2002

hereinafter called lessee, is effective 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. 35 N., R. 11 W., N.M.P.M.
sec. 19, lots 4, 5, E $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$;

T. 35 N., R. 12 W., N.M.P.M.
sec. 24, lots 1, 2, and SW $\frac{1}{4}$ SE $\frac{1}{4}$;
sec. 25, lots 1, 2, W $\frac{1}{2}$ NE $\frac{1}{4}$, and W $\frac{1}{2}$;
sec. 26, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$;
sec. 35, NE $\frac{1}{4}$, and N $\frac{1}{2}$ SE $\frac{1}{4}$,

RECORDED
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COC 62920

containing 1,304.51 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 8.0 percent 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 \$322,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

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.

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 duly 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 siting or design of facilities, timing of operations, and specification of interim 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 - This lease is subject to special stipulations (a) Cultural Resources, (b) Paleontological Resources, and (c) Resource Recovery and Protection which are attached to and made a part of the lease.

Sec. 9. (a) TRANSFERS

- This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body or to a person who will mine the coal on behalf of, and 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 agrees 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 another 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 the 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 timbering, 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 other structures, machinery, equipment, tools, and materials that it elects to 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 is owned by third parties, lessor shall waive the requirement for removal, 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 all 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 and 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 of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or 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.).

COMPETITIVE COAL LEASE COC 62920
Special Stipulations

Sec. 15. (a) **Cultural Resources.** (1) Before beginning any surface disturbing activities on the leased lands, lessee shall conduct a cultural resource intensive field inventory on those portions of the mine plan area and adjacent areas, or exploration plan area, which may be adversely affected by lease-related activities and which were not previously inventoried at such a level of intensity. The inventory shall be conducted by a qualified professional cultural resource specialist (i.e., archaeologist or historian, as appropriate) approved by the authorized officer of the Bureau of Land Management (BLM) and shall be conducted in the manner that the authorized officer specifies.

(2) Lessee shall submit an inventory report, including recommendations for protecting any significant cultural resources, to the Regional Director, Western Regional Coordinating Center, Office of Surface Mining Reclamation & Enforcement (OSMRE), and the BLM authorized officer. Lessee shall not begin surface disturbing activities until permission to proceed is given by the appropriate authorized officer.

(3) Lessee shall protect all known cultural resource properties within the lease area from lease-related activities until cultural resources avoidance or mitigation measures can be implemented as part of an approved exploration plan or an approved mining and exploration plan.

(4) The cost of conducting the inventory, preparing reports, and carrying out mitigation measures shall be borne by the lessee.

(5) If cultural resources are discovered during operations under the lease, lessee shall immediately notify the authorized officer of the BLM or OSMRE. Lessee shall not disturb such discovered resources except as subsequently authorized. Within two (2) working days of notification, the authorized officer will evaluate, or have evaluated, any cultural resources discovered and will determine if any action may be required to protect or preserve such discoveries. Cost of data recovery for cultural resources discovered during lease operations shall be borne by the surface managing agency unless otherwise specified by the BLM authorized officer.

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

(b) **Paleontological Resources.** (1) Before beginning surface disturbing activities on the leased lands, lessee shall contact the BLM authorized officer to determine whether lessee will be required to conduct a paleontological appraisal of lease areas that may be adversely affected by lease-related activities. Any paleontological appraisal required shall be conducted by a qualified paleontologist approved by the BLM authorized officer and in the manner the authorized officer specifies.

(2) Lessee shall submit an appraisal report, including recommendations for protecting any larger and more conspicuous fossils of significant scientific interest identified on the leased lands to the BLM authorized officer.

(3) If any such fossils are discovered during operations under this lease, lessee shall immediately notify the Regional Director, OSMRE. Operations may continue as long as the fossil specimen(s) would not be seriously damaged or destroyed by the activity. Within five (5) working days of notification, the Regional Director, OSMRE, shall evaluate or have evaluated such discoveries and shall notify the lessee what action shall be taken with respect to such discoveries.

(4) Lessee shall not knowingly disturb, alter, destroy, or take any larger and more conspicuous fossils of significant scientific interest and shall protect all such fossils in conformance with the measures included in the approved mining and reclamation plan or exploration plan.

(5) These conditions apply to all such fossils of significant scientific interest discovered within the leased lands, whether discovered in the overburden, interburden, or coal seam or seams.

(6) All fossils of significant scientific interest shall remain under the jurisdiction of the United States until ownership is determined under applicable law.

(7) The cost of any required recovery of such fossils shall be borne by the United States. Copies of all paleontological resource data shall be provided to the Regional Director, OSMRE.

(c) **Resource Recovery and Protection.** (1) 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(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.

(2) The parties recognize that under an approved R2P2, conditions may require a modification by the operator/lessee of that plan. In the event a coalbed or portion thereof is not to be mined or is rendered unmineable by the operation, the operator/lessee shall submit appropriate justification to obtain approval by the (AO) to leave such reserves unmined. Upon approval by the AO, such coalbeds 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 portion of the lease as authorized by statute and regulation.

(3) In the event the AO determines that the R2P2, as approved, will not attain MER as the result of changed conditions, the AO will give proper notice to the operator/lessee as required under applicable regulations. The AO 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.

(4) 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 AO that the coal reserves have been rendered unmineable or at such time that the operator/lessee has demonstrated an unwillingness to extract the coal.

(5) 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.

NOTICE

The Privacy Act and the regulation at 43 CFR 2.48(d) provide that you be furnished with the following information in connection with the information required by this lease.

AUTHORITY: 30 U.S.C. 181 et seq., 30 U.S.C. 351-359

PRINCIPAL PURPOSE: The information required by this lease is used to allow the BLM to gather data relevant to the extent and quality of public coal resources and to manage the leasing and development of coal in the public interest.

ROUTINE USES: (1) Report the amount of coal leased, entities to whom leased, and, in aggregate, production from leases for revenue and other purposes. (2) Subject to restrictions and conditions stated in the lease, authorize the site-specific extraction of public coal resources.

EFFECT OF NOT PROVIDING INFORMATION: Report and disclosure of the information is mandatory for all lessees.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501, et seq.) requires us to inform you that:

This information is being collected to authorize and evaluate proposed and ongoing mining operations on federal coal leases and to compute revenues owed to lessor.

Response to this request is mandatory for the types of activities specified in 43 CFR Group 3400.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to range from 25 minutes for reviewing the instructions and completing and signing the lease form to 500 burden hours for complying with the information requirements connected with resource recovery and exploration plans and mining plans. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, 1849 C St., N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0073), Washington, D.C. 20503

National King Coal, LLC
Company or Lessee Name

[Signature]
(Signature of Lessee)

President
(Title)

7/15/2002
(Date)

By James E. Edwards, Jr.

James E. Edwards, Jr.

(Signing Officer)

Chief, Branch of Solid Minerals

(Title)

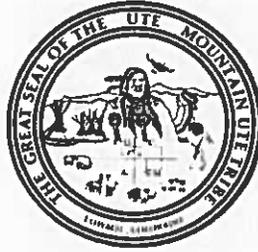
10/31/02
(Date)

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.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.

COPIES
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DATE: October 26, 2016



RESOLUTION NO. 2016 - 186

**RESOLUTION
UTE MOUNTAIN UTE TRIBAL COUNCIL**

**REFERENCE: APPROVING SURFACE USE AGREEMENT WITH GCC ENERGY, LLC FOR
COAL EXPLORATION IN THE HAY GULCH FEDERAL MINERAL ESTATE**

WHEREAS, the Constitution and by-laws of the Ute Mountain Ute Tribe, approved June 6, 1940, and subsequently amended, provides in Article III that the governing body of the Ute Mountain Ute Tribe is the Ute Mountain Ute Tribe Council and set forth in Article V the powers of the Ute Mountain Ute Tribal Council exercised in this Resolution;

WHEREAS, the Tribal Council is responsible for overseeing development or exploration of coal and mineral resources on or beneath its lands;

WHEREAS, the Ute Mountain Ute Tribe is the surface owner of described split estate lands, in Exhibit A of the Agreement, located at or near Hay Gulch in La Plata County, Colorado;

WHEREAS, the federal government, acting through the Bureau of Land Management, is the owner of the mineral estate of the lands in question;

WHEREAS, GCC Energy applied for a coal exploration permit from the Bureau of Land Management and intends to drill twenty-three (23) test sites, with each drill site location being limited to a maximum of 0.23 acres on the surface of said lands;

WHEREAS, GCC Energy requests a right-of-way, not to exceed two (2) years, or to terminate as otherwise contemplated in the Agreement, at which time GCC Energy shall commence reclamation in accordance with the Agreement and all applicable laws and regulations;

WHEREAS, the attached Surface Use Agreement authorizes GCC Energy to enter upon and use the surface of the described lands for the sole purpose of drilling twenty-three (23) test site locations for coal exploration and baseline hydrologic characterization, which includes the installation of groundwater monitoring wells and submission of annual hydrologic reports, at the rate of \$3500.00 per acre of surface disturbance and land access; and

WHEREAS, approving the Surface Use Agreement is in the best interest of the Tribe.

NOW THEREFORE BE IT RESOLVED that the Ute Mountain Ute Tribal Council hereby approves and authorizes the Chairman to sign the attached Surface Use Agreement; and

BE IT FINALLY RESOLVED that the Ute Mountain Ute Tribal Council hereby authorizes the Chairman to sign this Resolution and to take such action as may be necessary to carry out the intent of the Resolution.

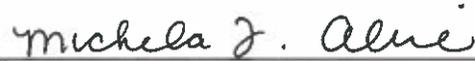
The foregoing Resolution was duly adopted this 26th day of October, 2016.



Manuel Heart, Chairman
Ute Mountain Ute Tribal Council

CERTIFICATION

This is to certify that there was a quorum of 7 Tribal Council Members present at the official meeting of the Ute Mountain Ute Tribal Council meeting held on October 26, 2016, that 6 voted for this resolution, with 0 opposing, and that the above resolution was, therefore, duly adopted.



Michela F. Alire, Recording Secretary
Ute Mountain Ute Tribe

SURFACE USE AGREEMENT

This Surface Use Agreement ("Agreement"), dated as of the last signature affixed below, is made and entered into by and between the Ute Mountain Ute Tribe, a federally-recognized Indian Tribe ("Surface Owner"), whose address for the purpose of this Agreement is P.O. Box 128, Towaoc, Colorado 81334 and GCC Energy, LLC ("GCC"), whose address for the purpose of this Agreement is 6473 County Road 120, Hesperus, Colorado 81326 (collectively the "Parties").

IT IS AGREED AS FOLLOWS:

1. **The Land.** GCC applied for a coal exploration permit covering the following described lands situated in La Plata County, Colorado:

See legal descriptions attached hereto as Exhibit "A"

Surface Owner represents and warrants that owns the surface of the above described lands. This Agreement covers GCC's activities on and access across the above described lands only. GCC is authorized to only drill test sites into the federal mineral estate. Each drill test site location shall be limited to a maximum of 0.23 acres on the surface. GCC and its employees and authorized agents shall not disturb, drill, use or travel upon any of the land and mineral estate of the Surface Owner not subject to this Agreement.

2. **Right-of-Way.** Surface Owner grants GCC, its employees and designated agents, a right-of way, not to exceed the term of two (2) years from the effective date of this Agreement, to enter upon and use the above described lands for the sole purpose of twenty-three (23) drill test site locations for coal exploration and baseline hydrologic characterization, as authorized by the BLM or Division of Water Resources on the Surface Owner's lands.

3. **Notification and Consultation.** GCC shall notify the Tribal Resources Department at (970) 529-3206, jpeabody@utemountain.org, and the Environmental Programs Department at (970) 565-5432, scslow@utemountain.org, prior to entry upon Surface Owner's land and shall provide notification as to the location of each drill site, test hole, or access areas to be used on Surface Owner's land, in compliance with the BLM permit. GCC agrees to contact Surface Owner prior to the commencement of overall test drilling operations and in the event of problems or emergencies, which includes, but is not limited to, GCC test drilling operations making contact with a water supply or with cultural resources, or issues with road maintenance. Except in those emergencies requiring immediate notification, notice to Surface Owner must be in writing, email is acceptable if sent to both addresses above, at least 72 hours in advance of the overall test drilling operation. Notification by GCC shall include a list of names, addresses and telephone numbers for all contractors and subcontractors to be used in the drilling and completion of the test site, with names of personnel who can be contacted in the event of problems or emergencies. The name and telephone number of the employee of GCC who will be GCC's representative at the drill site during the drilling and completion of the test site shall also be included. GCC shall notify Surface Owner, as provided above, prior to the commencement of drilling operations, upon completion of ten (10) drill sites, upon completion of final drilling and when GCC is permanently or temporarily absent for a period of thirty (30) continuous days or more, weekends and holidays included, from the surface lands.

4. **Termination of Rights and Uses.** This agreement between Surface Owner and GCC shall terminate two (2) years from the effective date below, or when the proposed BLM permit terminates, upon 60 (sixty) days advance notification to Surface Owner of GCC's intention to cease operations or terminate agreement, or if Surface Owner so reasonably elects, upon a breach of this Agreement by GCC if such breach is not cured by GCC within 15 days, or if GCC ceases its operations on the land for more than 90 continuous days, whichever shall occur first. Upon termination of this Agreement, GCC will execute and deliver to Surface Owner a good and sufficient recordable release and surrender of all of GCC's rights under this Agreement, and will promptly remove any and all equipment and property used or placed by GCC on Surface Owner's land.

5. **Operations.** GCC shall at all times keep the drill test sites, the roads and rights-of-way safe and in good order, free of noxious weeds, litter and debris. GCC shall not release or discharge of any toxic or hazardous chemicals or wastes on Surface Owner's land. GCC shall remove only the minimum amount of vegetation necessary for access to test sites. GCC shall remove all cut brush from the lands, drill test sites, roads and rights-of-way. GCC shall not cut any trees without first acquiring Surface Owner's consent. Any removed topsoil shall be conserved and reused as cover on disturbed areas and drill sites to facilitate regrowth of vegetation. No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.

Notwithstanding the foregoing, Surface Owner represents and warrants that, to its knowledge, there are no environmental conditions upon the premises which require any remedial action, and that it has no knowledge of any present or prior use of the premises is in violation of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9501, et. seq.)("CERCLA"), and that to the best of the Surface Owner's knowledge, no contaminated materials have been disposed of or otherwise discharged, buried or located upon the Site. GCC, Authorized Parties, and their representatives, agents, contractors and/or subcontractors shall not be liable for any environmental conditions, remedial actions and/or contaminated materials at the Site, originated prior to and/or not a direct consequence of the Permitted Activities conducted by GCC.

6. **Nonexclusive Use.** The permitted uses authorized by Surface Owner to GCC are nonexclusive. Surface Owner reserves the right to use all access roads and all surface and subsurface uses of the land affected by this Agreement.

7. **Reclamation.** GCC shall reclaim, in compliance with BLM Exploration Drilling Application, all disturbed surfaces to their original conditions, in accordance with all applicable federal, tribal and state laws, standards and regulations. All cleanup and restoration requirements shall be completed, if weather permits, by GCC within six (6) months after termination of drilling or production activities at the drill test sites. Prior to commencing reclamation, GCC shall provide a reclamation plan to Surface Owner that includes:

- a. A description of all methods and construction proposed for the prevention of runoff or erosion from the drill site and roads and for the prevention of contamination or pollution by runoff into any stream, aquifer or other body of water on the premises.
- b. Reseeding of disturbed surfaces with Surface Owner-prescribed seed mixture and methods.
- c. Any federal or state permits required for reclamation.
- d. Description of any water use for reclamation and water source.

If Surface Owner objects to any part of the reclamation process, Surface Owner shall do so in writing to GCC and shall propose reasonable alternatives to any portion of the Plan to which Surface Owner may object. If GCC makes any changes to the reclamation plan, GCC shall communicate such changes in writing to Surface Owner for Surface Owner's review and approval.

In accordance with applicable laws and regulations, GCC shall fill and level the location, re-contour the location, distribute the top soil, make the location ready for reseeding and reseed the area, and plug and abandon the drill test sites. All disturbed areas caused by GCC's activities shall be reseeded, unless otherwise agreed by Surface Owner. All reseeding shall be done with suitable grasses and forbs selected by Surface Owner and during a planting period selected by Surface Owner. Reseeding shall be done at a rate of pounds of seed per acre for range land prescribed by the Surface Owner, and an amount to be determined by Surface Owner for irrigated ground. In the absence of direction from Surface Owner, no reseeding will be required on any existing access roads. It shall be the duty of GCC to inspect and control all noxious weeds as may become established within areas used or disturbed by GCC. GCC shall inspect disturbed areas at such times as Surface Owner shall reasonably request and GCC shall reseed ground cover and control noxious weeds from time to time to the extent necessary to accomplish its obligations hereunder. GCC recognizes that this shall be a continuing obligation and GCC shall reseed ground cover and/or control noxious weeds until areas disturbed by GCC are returned to as good condition as existed prior to operations.

8. Surface and Ground Water. Before conducting any test drilling operations, GCC, at its sole cost and expense, shall provide a ground water hydrologic monitoring plan by a third party, subject to approval by the Surface Owner. As part of the hydrologic monitoring plan, a sufficient number of ground water monitoring wells shall be located on the Surface Owner's lands in order to effectively monitor ground water resources. The Surface Owner shall be provided with annual hydrologic reports for as long as Colorado Division of Reclamation, Mining and Safety Permit C-1981-035 is in effect and any conclusory reports of the hydrologic monitoring plan. GCC shall not disturb, interfere with, fill, or block any creek, spring, aquifer or other source of water on Surface Owner's land. If drill operations make contact with any water source, including groundwater and shallow aquifers, GCC shall immediately notify and consult with Surface Owner. In the event that any water supply located on Surface Owner's land is lost or materially diminished in productivity, or the quality of water produced by such water supply is reduced so that the water is unusable, as a result of test drilling, exploration or production of coal by GCC, GCC shall, at its expense, immediately repair or replace any water supply which is lost or diminished in productivity with a new water supply at least equal in productivity and quality of water to the lost or diminished original water supply. GCC shall be liable for damages if, as a result of its operations hereunder, any water on or under the premises is affected to the extent that any such water supply is destroyed or its output diminished or quality diminished. GCC shall be liable for any downstream damage caused to other lands or the operations of other landowners.

9. Cultural Resources. GCC agrees to undertake the activities under this Agreement in a manner consistent with applicable laws, rules, and regulations, including, but not limited to, the Native American Graves Protection and Repatriation Act, 25 U.S.C. § 3001 *et seq.*, as supplemented by 43 C.F.R. Part 10 and as amended, and the Archaeological Resources Protection Act, 16 U.S.C. § 470aa *et seq.*, as amended, relating to the location and preservation of archaeological sites and other cultural resources on federal and tribal lands. If GCC discovers any previously unknown archeological or historic remains while performing work under this Agreement, GCC will immediately halt operations and contact the Tribal Historic Preservation Office at (970) 564-5731.

GCC agrees to use all reasonable safeguards to prevent the taking, alteration, damage, destruction, salvage or excavation of cultural resources and historic landmarks. GCC agrees that it has no right, title, or interest in or to any archaeological or tribal articles, objects, artifacts or other cultural resources located or discovered on federal or tribal lands. GCC also warrants that anyone GCC causes to enter the above lands will agree to abide by the terms of this provision. Failure to comply with this provision is a material breach of this Agreement.

10. Road Maintenance. GCC agrees to only use existing roads or other temporary access in accordance with the approval of the BLM's Drilling License on Surface Owner's land for access to drill sites and its operations. GCC agrees to maintain all roads used in GCC's operations on the premises in good condition and repair during the period of GCC's operations on the Surface Owner's land. If any employees, contractors, agents, or others authorized to use roads by virtue of this Agreement fail to confine their travel on the designated roads, Surface Owner shall have the right, in addition to any other remedy provided under this Agreement or by law, to deny further access by such person to Surface Owner's land, to treat such person as a trespasser, and to receive compensation from GCC for any damages caused by such person to the surface by reason of his use of portions of the surface of the Surface Owner's land other than the designated roads. Upon final termination of GCC's uses and rights under this Agreement, GCC shall return all roads, temporary access areas and other rights-of-way or sites as near to the condition which they were in prior to the execution of this Agreement, unless otherwise agreed by Surface Owner.

11. Compensation. As compensation for surface use or damages that may arise, GCC shall provide payment to Surface Owner at the rate of \$3500.00 per acre of surface disturbance and land access. Temporary disturbance from overland travel is not considered the same as ground disturbing activities and this acreage is not added to the total project ground disturbance acreage. Payment is estimated at \$18,515 for 5.29 acres of disturbance and shall be paid to the Ute Mountain Ute Tribe as follows: fifty percent (50%) prior to the commencement of drilling operations, and the remaining fifty percent (50%) within fifteen (15) working days after the commencement of drilling operations. The payments herein provided are acknowledged by Surface Owner as sufficient and in full satisfaction for access and use of lands, or damages to Surface Owner caused or created by the reasonable and customary entry, rights-of-way and operation and use of the roads and drill sites, but do not include damage to livestock, improvements, or injuries to persons or to any damage or destruction caused to Surface Owner's water supply or cultural resources on the property. This Agreement does not relieve GCC from liability due to GCC's negligence or due to spills or discharges of any hydrocarbon or toxic or hazardous chemicals or wastes. Damage to

livestock and damage to crops caused by GCC shall be paid for by GCC at current market value to rightful owner. Any fires caused by GCC's personnel, agents, or assigns shall be paid for by paying the cost of replacement pasture, reseeding, the costs of trailing or trucking cattle to replacement pasture plus replacement and/or repair costs for all property destroyed or damaged.

12. First Preference for Work. GCC shall give first preference to Weeminuche Construction Authority (WCA) in awarding contracts for any work required to be performed on Surface Owner's land pursuant to the terms of this Agreement, including but not limited to earthmoving, spraying noxious weeds, or reseeding, provided that WCA has the equipment necessary to accomplish the work, is capable of adequately performing the work and is willing to perform the work in a timely manner.

13. General Prohibitions. None of GCC's employees or authorized agents or any other person under the direction or control of GCC shall be permitted to carry firearms or any weapon while crossing Surface Owner's property, and such persons shall not hunt, camp or fish on Surface Owner's property and shall not trespass on Surface Owner's property for the purposes of hunting or camping or fishing or recreational uses, and shall not engage in any illegal activity. No explosives shall be used on Surface Owner's property. GCC will notify all of its contractors, agents and employees that no firearms, weapons, hunting, camping, fishing or recreational activities, including but not limited to drug and alcohol possession or use, will be allowed on Surface Owner's property.

14. Indemnification. GCC will indemnify, defend and hold Surface Owner, Surface Owner's officers, directors, employees, departments, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to GCC's activities on Surface Owner's property (including, without limitation, any claims that GCC's operations hereunder are either illegal, unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operations of adjacent landowners, and including any claims based on the alleged concurrent negligence of Surface Owner).

15. Subleases and Assignments Prohibited. GCC may not sublease, assign, or share this Agreement without written consent of the Surface Owner. Any violation of this Section is a material breach of this Agreement.

16. Miscellaneous. GCC shall conduct operations and activities in accordance with any and all applicable Federal, Tribal and Colorado laws, rules and regulations. This Agreement shall be construed under the laws of the Ute Mountain Ute Tribe, laws of the United States, and the state of Colorado. This Agreement may not be altered or amended, nor may any rights hereunder be waived, except by an instrument in writing executed by the Party or Parties to be charged with such amendment or waiver. No waiver of any term, provision, or condition of this Agreement may be construed as a further or continuing waiver of any such term, provision, or condition, or as a waiver of any other term, provision, or condition hereof. To the extent the Parties have deemed necessary, they have consulted with their legal, tax, financial, and accounting advisors with respect to the subject matter of this Agreement. Pronouns in masculine, feminine, and neuter gender shall be construed to include any other gender. Words in the singular form shall be construed to include the plural, and words in the plural form shall be construed to include the singular, unless the context otherwise requires. The headings used in this Agreement are inserted for convenience only and shall be disregarded in construing this Agreement. This Agreement is binding upon the Parties hereto and their permitted respective successors, heirs and assigns of the parties. Except for the Surface Owner and GCC, and their permitted successors and assigns, nothing in this Agreement, express or implied, is intended to confer upon any other entity or person any benefits, rights, or remedies. This Agreement may be executed in counterparts and shall become operative when each Party has executed and delivered at least one counterpart. This Agreement may be delivered by facsimile or similar transmission, and a facsimile or similar transmission evidencing execution shall be effective as a valid and binding agreement between the Parties for all purposes.

17. Severability. If any provision of this Agreement is invalid or unenforceable in any jurisdiction, such provision is fully severable from this Agreement and all other provisions will remain in full force and effect in such jurisdiction and the remaining provisions will be liberally construed to carry out the remaining provisions and intent of this Agreement. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction may not affect the validity or enforceability of such provision in any other jurisdiction, nor may the invalidity or unenforceability of any provision of this Agreement with respect to any person or entity affect the validity or enforceability of such provision with respect to any other person or entity.

18. **Entire Agreement.** This Agreement constitutes the entire understanding between the Parties and supersedes all negotiations, prior discussions, or prior agreements and understandings relating to such subject matter. Neither this Agreement nor the Parties' performance hereunder creates any special relationship or obligations between the Parties other than those expressly set forth herein, and no implied covenants shall apply to this Agreement. All duties, obligations, rights, powers, and remedies provided for herein are cumulative, and not exclusive, of any and all duties, obligations, rights, powers, and remedies existing at law or in equity, and the Parties shall, in addition to the duties, obligations, rights, powers, and remedies herein conferred, be entitled to avail themselves of all such other duties, obligations, rights, powers, and remedies as may now or hereafter exist.

19. **Dispute Resolution.** The Parties agree that, in the occurrence of a dispute between them regarding any matter under this Agreement, representatives will meet to negotiate in good faith to resolve the dispute. If these representatives are unable to resolve the dispute within 30 days of the occurrence of the dispute, either Party may initiate the mediation process by contacting the American Arbitration Association office in Denver, Colorado to ask that a mediator be appointed to assist in the resolution of the dispute. The Parties shall equally share the cost of an appointed mediator. Mediation shall be conducted in accordance with the Commercial Mediation rules of the American Arbitration Association. If the dispute cannot be settled through mediation, then the parties may resort to litigation, as administered by the following section.

20. **Choice of Law and Venue.** In their respective order, this Agreement is governed by the laws of the Ute Mountain Ute Tribe, the laws of the United States, and the laws of the State of Colorado. GCC consents to the personal and subject matter jurisdiction of the Court of Indian Offenses or any other court so designated by the Tribal Council to have jurisdiction over disputes arising out of this Agreement. GCC further agrees not to object to the domestication in any other court or any judgment obtained in the Court of Indian Offenses or any other court designated by the Tribal Council to have jurisdiction over civil matters on tribal lands.

Nothing in this Agreement may be construed to waive, limit, or modify the sovereign immunity of the Surface Owner, or any of its agencies, departments, entities, enterprises, employees, or officials. GCC acknowledges that only the Ute Mountain Ute Tribal Council, acting by official resolution, can provide consent to be sued and no such consent has been provided. GCC further acknowledges and agrees that despite any language in this Agreement which may suggest otherwise, neither the Surface Owner nor any of its employees, officers, agents, enterprises, programs, departments or any other entity eligible to enjoy the sovereign status of the Tribe (for purposes of this provision, the "Surface Owner") consents in this Agreement to have any dispute or claim against them to be adjudicated in any court or tribunal without further consent of the Tribal Council.

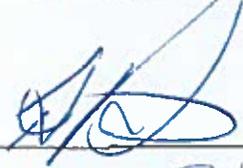
By signing below, each party indicates its agreement to the terms and conditions of this Contract, and acknowledges and represents that the party enters into this Agreement voluntarily and without undue influence.

DATED this 26th day of October, 2016.

UTE MOUNTAIN UTE TRIBE

Manuel Heart
By: Manuel Heart

Title: Chairman
Address: PO Box 248, Tower Co 81334

GCC


By: Trent Peterson

Title: Vice President

Address: 6473 County Rd 120
Itesperus, CO 81326

BUREAU OF INDIAN AFFAIRS

By: _____

Title: _____

Address: _____

Revised Exhibit "A", October 25, 2016

Attached to and made a part of that certain Surface Use Agreement made and entered into by and between the Ute Mountain Ute Tribe, a federally-recognized Indian Tribe ("Surface Owner") and GCC Energy, LLC ("GCC").

Legal description of property in La Plata County, Colorado:

Township 35 North, Range 11 West, N.M.P.M.

Section 17: Lots 2, 5, 6 and N1/2SW1/4

Section 18: Lots 3, 4, 5, 6, 7, 8, 9, 10 and NE1/4SW1/4 and N1/2SE1/4

Section 19: Lots 1, 2, 3, 4, 5, 6, 7 and E1/2NW1/4 and NE1/4 and E1/2SW1/4 and SE1/4 [ALL]

Section 20: NW1/4 and W1/2NE1/4 and SW1/4 and SE1/4

Section 30: Lots 1, 2, 3 4 and E1/2NW1/4 and NE1/4 and E1/2SW1/4 and W1/2SE1/4 and NE1/4SE1/4

Township 35 North, Range 12 West, N.M.P.M.

Section 13: SW1/4 and W1/2SE1/4 and SE1/4SE1/4

Section 14: SW1/4NE1/4 and SW1/4 and SE1/4

Section 15: N1/2SW1/4 and SE1/4SW1/4 and SE1/4

Section 22: NE1/4 and SE1/4

Section 23: NW1/4 and N1/2NE1/4 and SE1/4NE1/4 and SW1/4 and SE1/4

Section 24: NW1/4 and NE1/4 and SW1/4 and SE1/4 [ALL]

Section 25: Lots 1, 2, 3, 4, 5, 6, 7, 8 and W1/2NE1/4 and W1/2SE1/4 and NW1/4 and SW1/4 [ALL]

STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS
Department of Natural Resources

COAL MINING LEASE NO. CO 3388

THIS COAL MINING LEASE (the "Lease"), made in duplicate and entered into this 27th day of August 2004, by and between the State of Colorado, acting through its STATE BOARD OF LAND COMMISSIONERS, hereinafter referred to as Lessor, or the Board, and National King Coal LLC, 4424 CR 120, Hesperus, CO 81326, hereinafter referred to as Lessee:

WITNESSETH: Lessor, for and in consideration of the sum of [REDACTED] receipt of which is hereby acknowledged as payment of filing fee in the amount of [REDACTED] first year's rent in the amount of \$ [REDACTED] and a bonus in the amount of [REDACTED] and in further consideration of Lessee's agreement to pay [REDACTED] Dollars [REDACTED] per acre annually as rental in advance of the anniversary date of this Lease so long as this Lease shall remain in effect, and in further consideration of the terms, conditions and agreements herein and of the payments of annual rentals and royalties reserved herein, to be kept and performed by Lessee, its successors and assigns, does hereby lease to Lessee the right and privilege of exploring and prospecting for, and mining of and taking of coal from the lands herein described, situated in the County of La Plata, State of Colorado, to-wit:

<u>ACRES</u>	<u>SUBDIVISION</u>	<u>SEC.TWP.RGE.</u>	<u>PATENTS</u>
640.00	All	36-35N-12W NMPM	None

TOTAL ACRES 640.00

FUND: School

containing 640.00 acres, more or less (hereinafter called the "Leased Premises"), together with the right to use as much of the surface above the Leased Premises as may be reasonably required in the exercise of the right to mine, including strip mining and underground mining with the right to subside the surface, and with the right to enter upon the surface to conduct subsidence monitoring and surveying, and to conduct surface subsidence remediation and repairs as required by law; the right to conduct environmental monitoring, surveying and assessments and the right to reasonable ingress and egress; the right to construct buildings, make excavations, stockpiles, dumps, drains, roads, railroads, power lines, pipelines and other improvements as may be reasonably necessary in the mining and removal of said coal, to the extent Lessor has the authority to grant such; subject, however, to all existing easements and rights-of-way of third parties, and the rights of surface lessees and surface patentees, and further subject to the terms, conditions and agreements set out in this Lease. The above-mentioned rights may be exercised in connection with development or mining on the Leased Premises, or with development or mining on other lands (hereinafter called "Mining Rights"). Said "other lands" shall include such additional lands or interests in lands as Lessee may hold or acquire, from time to time, for the development and mining of coal in conjunction with Lessee's use and enjoyment of this Lease and the exercises of its Mining Rights (hereinafter called "Adjacent Lands"). The above Mining Rights may be exercised so long as Lessee is not in default under the terms of this Lease and Lessee continues to pay to Lessor any and all royalties or rentals due under the terms of this Lease. The above rights to use the Leased Premises without mining on the Leased Premises is subject to the exercise of the Mining Rights as set forth herein.

RESERVING, however, to the State of Colorado:

- A. All rights and privileges of every kind and nature, except as are herein specifically granted.
- B. The right to use or lease the Leased Premises or any part thereof at any time for any purpose, including the right to explore and prospect the Leased Premises for minerals other than coal. The use and leasing of the Leased Premises shall be for purposes other than and not inconsistent with the rights and privileges herein specifically granted.
- C. The right to dispose of or lease the surface above the Leased Premises where Lessor is the surface owner.
- D. The right at all times during the life of this Lease to go upon the Leased Premises and every part thereof for the purpose of inspecting same, and the books of accounts and records of mineral workings therein, and of ascertaining whether or not Lessee and those holding thereunder by and from it, are carrying out the terms, covenants and agreements of this Lease.

- E. The right at any time to grant a right-of-way in, on, upon, over, under, across or through all or any part of the Leased Premises for any ditch, reservoir, railroad, communication system, electric powerline, pipeline, schoolhouse or other lawful purpose. Such grants shall be subordinate to the rights of Lessee, including the right to subside the surface of the Leased Premises and shall provide that any and all damages caused to any structures or improvements placed upon the surface of the Leased Premises subsequent to the date hereof shall be repaired by and at the expense of the party to whom the easement or right-of-way was granted. If the grant of such rights shall unreasonably interfere with Lessee's rights hereunder, the implementation or effectiveness of the grant of such rights shall be delayed until such time as there is no interference with Lessee's rights.
- F. The right at any time to place the Leased Premises into the Stewardship Trust as set forth in Section 10(1)(b)(I) of Article IX, of the State Constitution. Said placement into the Stewardship Trust shall be for reasons not inconsistent with the rights and privileges of Lessee.

TO HAVE AND TO HOLD the above-described Leased Premises unto Lessee, its heirs, successors, assigns, or legal representatives for a Primary Term of five years, and a Secondary Term of twenty-five years, until Twelve O'clock noon on the 27th day of August 2009, subject to compliance with the royalties, rentals, and other terms, conditions, and agreements of this Lease, and provided that coal is being produced in paying quantities from the Leased Premises or from the Adjacent Lands during the Secondary Term.

1. ADVANCE MINIMUM ROYALTY -- As minimum and advance royalty, without relation to the amount of coal mined from the Leased Premises, Lessee shall pay a total of [REDACTED] in three equal annual payments of \$40,000.00 in advance to Lessor beginning on the second anniversary of the issuance of the reclamation permit issued by the Division of Minerals and Geology.

Acreage changes resulting from partial surrender or partial assignment will not reduce the advance minimum royalty proportionately. If the Lessee does not extract coal from the Leased Premises sufficient to return to Lessor the minimum amounts above specified, it is nevertheless understood that the above sums of money are due and payable to Lessor whether or not coal is mined, but that such advance minimum royalty shall be credited upon the first royalties due as herein provided for coal actually produced from the Leased Premises. In the absence of production in paying quantities before the expiration date of the Lease, all advance minimum royalties and all rentals shall be forfeited to Lessor.

In case of assignment of this Lease, all advance minimum royalty paid to Lessor shall be carried forward and credited to the assignee.

2. PRODUCTION ROYALTY -- During the term of this Lease, Lessor hereby reserves, and Lessee agrees to pay to Lessor, as production royalty for coal mined, removed, sold, and shipped from the Leased Premises the following:

For coal removed by underground mining methods, a sum equal to [REDACTED] percent [REDACTED] of the Gross Sale Price (as herein defined) at the first point of sale; for coal removed by strip mining methods, a sum equal to [REDACTED] percent [REDACTED] of the Gross Sale Price at the first point of sale; and for lignite removed by strip mining methods, a sum equal to [REDACTED] percent [REDACTED] of the Gross Sale Price at the first point of sale, for each and every ton (2000 lbs.) of coal or lignite mined from the Leased Premises. In the event the coal or lignite mined by either underground or strip mining methods is sold on a captive market, a sum equal to the same respective percents of the reasonable market value of coal or lignite of the same quality from the same general area and mined under the same general conditions, whichever is greater. In no case shall the production royalty to Lessor be less than [REDACTED] per ton. "Lignite" means coal having an average calorific value of 7,300 btu's or less per pound. This value may be negotiated between Lessee and Lessor.

For the purpose of this Lease, the "Gross Sale Price" shall be the "Average Gross Sales Price" per ton of coal actually mined, removed, sold and shipped from the Leased Premises during any month which shall be an amount equal to the total gross proceeds from all such sales of such coal during such month divided by the total number of tons of such coal, except that deductions shall be made from the total gross proceeds for the following items to the extent included in such total gross proceeds: (i) transportation or delivery costs incurred by Lessee in transporting such coal from the Division of Minerals & Geology permit boundary to point of sale; and (ii) any direct costs actually incurred in washing the coal, not to exceed [REDACTED] per ton (such last deduction hereinafter called the "Washing Deduction").

At any time during the term of this Lease, Lessor shall have the right to provide Lessee written notice that Lessor wishes to renegotiate the Washing Deduction. As soon as is reasonably practicable after Lessee's

receipt of such notice, the parties in good faith shall renegotiate the Washing Deduction to reflect a deduction that is acceptable to Lessor and Lessee. In the event Lessor and Lessee are unable to renegotiate the Washing Deduction, the Washing Deduction shall be determined by a qualified professional engineer selected by the Board. Lessor shall have the right to require the elimination of the Washing Deduction in the calculation of the Average Gross Sales Price.

If requested by Lessor, Lessee shall furnish proof of price received for all coal sold from the Leased Premises. Such royalty shall be due and payable on or before the last day of each calendar month during the term of this Lease for coal mined, removed, sold, and shipped by Lessee during the preceding calendar month from the Leased Premises.

3. HAULAGE ROYALTY -- Lessee agrees to pay a haulage royalty of [REDACTED] for every ton of coal removed from the Adjacent Lands through the Leased Premises. No haulage royalty shall apply to coal mined from the Leased Premises for which a production royalty is paid. At the end of each 5-year period, commencing from the date hereof, Lessor may reasonably change the rate or amount of the Haulage Royalty to be paid by Lessee; provided that any increase in the rate or amount of the Haulage Royalty shall not be greater than the increase, if any, in the average annual percentage change, taken over the preceding 5-year period, in the Producer Price Index, Table 5, Coal Mining, as first published by US. Department of Labor Bureau of Labor Statistics.
4. ADVANCE MINIMUM HAULAGE ROYALTY -- Beginning with the Secondary Term, Lessee shall pay an annual advance minimum haulage royalty of [REDACTED] Dollars [REDACTED], provided that such advance minimum haulage royalty shall be credited upon the first royalties due as herein provided for coal actually produced from the Adjacent Lands and removed through the Leased Premises. In case of assignment of this Lease, all advance minimum haulage royalty paid to Lessor shall be carried forward and credited to the assignee.
5. WEIGHT OF COAL -- It is agreed that all coal mined and taken from the Leased Premises shall be weighed and the weight thereof shall be entered in due form in weight records kept for such purposes by Lessee. It is agreed that the term "ton" as used herein means a ton of 2000 pounds of merchantable coal as shown by miners' payroll check numbers or official railroad scale tickets, or by weight determined at the mine tippie, or by state certified scales; provided that if it is not possible to determine accurately the weight by such means, Lessor may, by its duly authorized agent or agents, elect to compute a ton of coal at 27 cubic feet of coal in the solid or by the measurements of the space from which the coal is mined, deducting therefrom all space occupied by slate or other impurities, and in such case the said computation shall be final and binding upon Lessee.
6. ROYALTY IN KIND -- At the option of Lessor and with 6 months' notice to Lessee, Lessor may take its production royalty coal in kind, in which event Lessee shall deliver such royalty coal to Lessor on the Leased Premises, into slurry pipelines or onto storage piles designated by Lessor, and Lessee shall not in such case be required to provide free storage or pay slurry charges for any such coal run onto storage piles or into slurry pipelines.
7. EXTENSION -- Lessor is not obligated to issue a new lease or to renew this Lease. However, Lessee may have a preferential right to renew this Lease or to receive a new lease, under the following conditions:
 - A. Lessee shall furnish to Lessor satisfactory evidence of plans for mining during the term of the renewed lease or during the term of a new lease.

Lessee shall furnish adequate geological evidence to Lessor that the acreage subject to the renewed or new lease is in fact an integral part of and contains reserves in a logical mining unit. Whether the acreage is or is not a part of a logical mining unit will be determined by Lessor.

An extension of this Lease would, as determined by Lessor, be in the best interest of the State.
 - B. An advance minimum royalty, the amount to be negotiated at the time of this extension, will be due and payable annually commencing on the date this Lease is renewed or a new lease is executed and shall continue until the expiration of the new or renewed lease. This amount may be adjusted by Lessor at the end of each 5-year period of the renewed or new lease.
8. CESSATION OF PRODUCTION -- This Lease may not be held in perpetuity; however, this Lease will continue in effect through the Secondary Term provided that coal is being produced in paying quantities from the Leased Premises or from the Adjacent Lands during the Secondary Term, and, in addition, a minimum

Haulage Royalty of no less than [REDACTED] is paid annually. Cessation of production for a period in excess of 180 consecutive days, except for reasons pursuant to Paragraph 35 (Force Majeure) herein, will automatically terminate this Lease unless otherwise agreed to in writing by Lessor. Lessee shall notify Lessor of each cessation of production, the reasons therefor, and the time period during which production will or did cease. Force Majeure shall not relieve Lessee of any obligation to pay rent, advance minimum royalty, or advance minimum haulage royalty to Lessor.

9. PENALTIES -- A penalty shall be imposed for, but not limited to, late payments, improper payments, violations of any covenants of this Lease, or any false statements made to Lessor. Penalties shall be determined by Lessor and may be in the form of, but not limited to, interest, fees, and fines.
10. OVERRIDING ROYALTY LIMITATIONS -- It is agreed that this Lease or any subsequent assignment hereof shall not be burdened with overriding royalties the aggregate of which exceed [REDACTED] percent [REDACTED] of the Gross Sale Price at the first point of sale for coal mined, removed, sold, and shipped from the Leased Premises. Lessor must be notified of all overriding royalties burdening this Lease. Violation of the above may subject this Lease to cancellation by Lessor.
11. ASSIGNMENT -- Lessee, with written consent of Lessor, may assign this Lease as to the leasehold interest of Lessee in all or part of the Leased Premises; provided that tracts may not be less than approximately 40 acres or Governmental lots corresponding to a quarter-quarter section for partial assignment. For approval of such assignment Lessor may charge an assignment fee in an amount currently in effect at the time of the assignment.

If an assignment of a part of this Lease is approved, a new lease designated as an assignment will be issued to the assignee covering the lands assigned for the balance of the term of the base lease on the mining lease form in use at the time of assignment and limited as to term as said lease is limited. The assignor will be released and discharged from all further obligations for such lands assigned, as if the same had never been a part of this Lease.

No assignment or transfer of this Lease will be held valid by Lessor unless made with its consent in writing and duly entered in the books or records of Lessor.

Notwithstanding the foregoing provisions of this Paragraph 11, Lessee shall have the right, without the approval of Lessor, to assign or sublease its rights hereunder to any parent corporation, affiliate, or subsidiary of Lessee.

12. ASSIGNMENT CONSIDERATION -- The consideration for approval of assignment by Lessor shall be ten percent [REDACTED] of the value of any consideration tendered to assignor by assignee for the assignment of this Lease, but not less than [REDACTED]. Divulgence of the value of these considerations shall be mandatory, in affidavit form, which form shall be presented to Lessor along with the other assignment instruments in order to obtain Lessor's approval for the assignment. An assignment does not constitute a new lease but is a continuation of the base lease. Any attempt to withhold this information shall be construed as an attempt to defraud the State of Colorado and shall render this Lease null, void and nonexistent, and all monies paid to Lessor shall be forfeited to Lessor. In addition, the current statutory fees will be paid at the time the assignment record form is submitted.
 13. AGREEMENTS OUTSIDE THE TERMS OF THIS LEASE -- No assignment of undivided interests or retention or reservation of overriding royalties will be recognized or approved by Lessor; and the effect, if any, of any such assignments or reservations will be strictly and only as between the parties thereto, and outside the terms of this Lease, and no dispute between parties to any such assignment or reservation shall operate to relieve Lessee from performance of any terms or conditions hereof or to postpone the time therefor. Lessor will and shall at all times be entitled to look solely to Lessee or its assignee shown on Lessor's books as being the sole owner hereof, and for the sending of all notices required by this Lease and for the performance of all terms and conditions hereof.
- Although not binding on Lessor, all instruments of every kind and nature whatsoever, including but not limited to sublease agreements and operating agreements, affecting this Lease shall be filed in the records of the Mineral Department of Lessor. Upon request, such instruments furnished may be kept confidential as consistent within the law.
14. REPORTS AND RECORDS -- After operations begin, it is agreed that on or before the last day of each month during the term of this Lease, Lessee shall submit a sworn, written report to Lessor, in which report shall be entered and set down the amount in weight of all coal mined, removed, sold, and shipped from the Leased

Premises during the preceding calendar month. Lessee agrees to keep and to have in possession complete and accurate books and records showing the production and disposition of any and all coal produced from the Leased Premises and to permit Lessor at all reasonable hours, to examine the same or to furnish copies of same to Lessor within 60 days following written request along with purchaser's support documentation. All said books and records shall be retained by Lessee and made available in Colorado to Lessor for a period of not less than 6 years. If any such examination shall reveal, or if either party shall discover any error or inaccuracy in its own or the other party's statement, payment, calculation, or determination, then, proper adjustment or correction thereof shall be made as promptly as practicable thereafter, except that no adjustment or correction shall be made if more than 10 years have elapsed between the time the error or inaccuracy occurred and the discovery by either party of said error or inaccuracy. It is further agreed that during all proper hours and at all times during the continuance of this Lease, Lessor or its duly authorized agent, is hereby authorized to check scales as to their accuracy, to go on any part of the Leased Premises to examine, inspect, survey and take measurements of the same, and that all conveniences necessary for said inspection, survey, or examination shall be furnished to Lessor. Lessee shall submit, if required by Lessor, such additional reports, records, or documents regarding Lessee's operations on the Leased Premises as necessary for the purpose of determining compliance with lease provisions.

Upon written request by Lessee, Lessor shall keep all information submitted to Lessor confidential, as consistent with State law.

15. ENVIRONMENTAL ANALYSIS -- Lessor may require that Lessee submit an environmental analysis for review by Lessor before any exploration, development, or mining begins.
16. EXPLORATION -- An exploration Notice of Intent submitted to and approved by the Division of Minerals and Geology is required and must be obtained before any field work of any type or kind is undertaken. A restoration bond with the Division of Minerals and Geology is required in conjunction with this Notice of Intent. The bond required by the Division of Minerals and Geology for exploration activities shall be the sole bond required, unless a change in applicable laws, rules or regulations requires an increase in or additional bonding; in which case the appropriate bonding will be implemented. The proposed type and method of exploration shall be outlined on the application for an exploration permit. Lessee is required to keep an accurate log or record of all surface and subsurface exploration. This exploration work shall be tied to a corner established by an official USGS survey. All such logs and/or records may be requested by Lessor at any time, but Lessor agrees that during the term of this Lease, all such information so supplied by Lessee shall remain confidential and unpublished insofar as it is consistent within the law.
17. OPERATION PLAN -- All plans for mining may be requested by Lessor for review and approval before these operations begin to determine that the maximum economically recoverable coal will be mined. Such approval will not be unreasonably withheld and if not given within 90 days shall be deemed to have been approved.
18. DEVELOPMENT AND MINING -- An application for a mining permit must be submitted for review to Lessor and approved by the Division of Minerals and Geology before any development or mining of any type or kind is undertaken; provided that Lessor's review of the application for mining permit is limited to thirty days. A reclamation bond with the Division of Minerals and Geology is required in conjunction with this approval of the mining permit. The bond required by the Division of Minerals and Geology for the development and mining activities shall be the sole bond required, unless a change in applicable laws, rules or regulations requires an increase in or additional bonding; in which case, the appropriate bonding will be implemented. The proposed type and method of mining shall be outlined in the application for mining permit. Lessee is required to comply with the terms and conditions included in the approved mining permit by the Division of Minerals and Geology.
19. OTHER STATE AGENCIES -- Instruments and documents required by other State agencies may satisfy certain requirements of this Lease. In the event that Lessee is required to file instruments and documents with other State agencies, such as the Division of Minerals and Geology, etc., Lessee shall notify Lessor of said filing and Lessor reserves the right to request and obtain copies of such instruments and documents from Lessee.
20. MINING METHODS -- Only mining methods that will insure the extraction of the greatest possible amount of coal consistent within the laws and with prevailing good mining practice shall be used. Lessee also agrees to reasonably protect the coal beds above and below the coal bed being mined.

21. ANCILLARY USE -- Lessee may remove coal, and place on the Leased Premises stock piles of coal mined from the Leased Premises and such facilities and equipment as may be necessary for this removal. All ancillary uses related to the development and mining of coal from the Adjacent Lands, such as the storage of coal, retention ponds, office buildings, parking lots, accessory equipment, and any other uses not specifically mentioned herein, will be subject to the review of Lessor and require a yearly rental payment of not less than \$500.00 per acre, or fraction thereof, for any such surface lands physically occupied and so utilized by Lessee. Any and all haul roads which do not directly benefit the Leased Premises or the Adjacent Lands will be subject to a separate permit and approval of Lessor.
22. PURCHASE --In the event Lessor determines, in its discretion, that Lessee has caused significant harm to the surface estate of the Leased Premises, resulting in any impairment on the Lessor's part to either sell or lease the parcel, then, the Lessor may compel Lessee to purchase the surface estate at the termination of this Lease. The purchase price will be determined as if the harm did not exist by an appraisal prepared by a qualified appraiser selected by the Lessor. The surface estate for purchase shall include as a minimum the NW1/4, N1/2SW1/4 of Section 36, T35N, R12W, NMPM, lying northwest of Hay Gulch Road, comprising approximately 235 acres.

Moneys paid to Lessor for ancillary uses as defined in Paragraph 21 shall be subtracted from the purchase price. Any purchase of state lands must comply with all state, local and federal statutes, including C.R.S. 36-1-118
23. PROTECTION AGAINST SURFACE DAMAGE -- Lessee has the right to utilize pursuant to this Lease as much of the surface of the Leased Premises as is reasonably necessary for mining operations; provided that Lessee shall be liable and agrees to pay for all damages to the surface, livestock, growing crops, water wells, reservoirs, or other improvements caused by Lessee's operations on the Leased Premises. Further, it is understood that this Lease is subject to surface patents, deeds, and certificates of purchase, and Lessee shall assume responsibility for all claims arising from damages to the surface caused by Lessee's operations.
24. STEWARDSHIP TRUST STIPULATION -- This paragraph deleted.
25. LESSOR'S APPROVAL -- Whenever approval by Lessor is required or contemplated by Lessee, approval must be in writing and shall be optional and shall be within the sole and absolute discretion of Lessor.
26. HOLD HARMLESS -- Lessee shall indemnify Lessor against all liability and loss, and against all claims and actions, including the defense of such claims or actions, based upon or arising out of damage or injury, including death, to persons or property caused by or sustained in connection with this Lease or by conditions created thereby, or based upon any violation of any statute, ordinance, or regulation.
27. COAL MINE GAS -- Methane gas or other volatile gases produced, saved and sold by Lessee from mineable coal measures and from roofs and floors of mineable coal measures within the Leased Premises shall be the property of Lessee, provided that the gas is removed as a mining safety procedure prior or pursuant to mining and that a royalty be paid to Lessor per the terms set forth in Lessor's then current oil and gas leases. Gas that is uneconomical to produce may be vented or flared, provided that the venting or flaring complies with all federal, state and local requirements. Methane gas or other volatile gases produced by the oil and gas lessees prior to the commencement of development and mining from the mineable coal measures and from roofs and floors of mineable coal measures within the Leased Premises shall be the property of the oil and gas lessee under the terms of the oil and gas lease, so long as the terms in this Paragraph 27 are consistent within the law. "Roof" means the rock immediately above and in contact with the mineable coal measure. "Floor" means the rock immediately below and in contact with the mineable coal measure.
28. WATER RIGHTS -- If Lessee initiates or establishes any water right where the point of diversion or groundwater withdrawal is on the Leased Premises and where the surface is owned by the State, such water right must be obtained in the name of and with the consent of the State acting by and through its Board of Land Commissioners. Water rights and any improvement required to bring this water to the surface shall of the Leased Premises become the property of the State, without cost, upon termination of this Lease for any cause whatsoever. Under no circumstance may ground water be withdrawn without first having secured the permission of Lessor and may not be withdrawn at a rate higher than necessary for the mining and/or processing pursuant to this Lease. Additional payment may be required for the use of any waters as may be defined as tributary or non-tributary.
29. LIENS AND CLAIMS -- Lessee shall not suffer or permit to be enforced against the Leased Premises, or any part thereof, or any improvements thereon, any liens arising from, or any claim for damage growing out of the work of any construction, repair, restoration, replacement or improvement, or any other claims or demand howsoever the same may arise, but Lessee shall pay or cause to be paid all of said liens, claims, or demands before any action is brought to enforce the same against the Leased Premises or improvements. Lessee agrees to

defend, indemnify and hold Lessor and the Leased Premises free and harmless from all liability for any and all such liens, claims, demands, and actions, together with reasonable attorney fees and all costs and expenses in connection therewith. Lessee shall, upon execution of this Lease at its cost, prepare a Notice, pursuant to C.R.S. § 38-22-105, and cause the same to be posted for the purpose of protecting Lessor against any liens or encumbrances upon the Leased Premises by reason of work, labor, services or materials contracted for or supplied to Lessee.

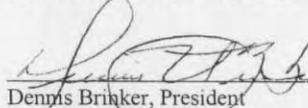
30. SURRENDER AND RELINQUISHMENT -- Lessee may, at any time, by paying to Lessor, all amounts then due as provided herein, surrender and cancel this Lease, insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder with respect to the lands so surrendered; provided that no partial surrender or cancellation of this Lease shall be for less than tracts of approximately 40 acres or governmental lot corresponding to a quarter-quarter section, the rental being reduced proportionately. This surrender clause and option herein reserved to Lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law by Lessee, Lessor or any assignee of either to enforce this Lease, or any of its terms, express or implied, but in no case shall be effective until Lessee shall have made full provision for conservation of the minerals and protection of the surface rights of the Leased Premises as may be determined by Lessor. Notwithstanding the foregoing, no surrender and relinquishment of this Lease shall be effective unless and until all reports, documents and information of any kind required to be submitted to Lessor under this Lease, or to such state agencies as provided in this Lease, have been submitted to Lessor or such state agency.
31. RIGHT OF REMOVAL -- In the event this Lease is terminated by forfeiture, surrender, or the expiration of its term, and all obligations of Lessee under this Lease are satisfied, all Lessee's improvements, equipment, man-made objects of any type, stockpiles and dumps shall be removed from the Leased Premises within 6 months from the date of such termination at Lessee's expense. Such removal is to be accomplished without unnecessary waste or damage to the Leased Premises, and Lessee shall restore the surface of the Leased Premises to the same condition as immediately prior to the execution of this Lease. All improvements and equipment remaining on the Leased Premises 6 months after the termination hereof shall be forfeited automatically to Lessor, without compensation and without necessity of execution of additional documents.
32. CONDEMNATION -- If the Leased Premises shall be taken in any condemnation proceeding, this Lease shall automatically terminate as of the date of taking. The award for such condemnation shall be paid to Lessor, except for any specific award(s) paid to Lessee for severed mineral reserves from the Leased Premises, in which event a percent of such specific award(s) equal to royalty shall be paid to Lessor in lieu of royalty lost by virtue of the condemnation. Improvements shall be removed by Lessee per terms in the RIGHT OF REMOVAL Paragraph herein. If only a portion of the Leased Premises is taken by condemnation, Lessee may, at its option, terminate this Lease or terminate only that portion of the Lease so taken.
33. COMPLIANCE WITH LAW -- Lessee further covenants and agrees that during the continuance of this Lease, Lessee shall comply fully with all the provisions, terms, and conditions of all laws, whether state or federal, and orders issued thereunder, which may be in effect during the continuance hereof, which in any manner affect or control mining or other operations of Lessee.
34. ARCHAEOLOGY -- It is contrary to state and federal law to excavate, appropriate or disturb any historical, pre-historical or archaeological site or resource on any lands administered by Lessor. Discovery of a suspected site or resource shall be immediately brought to the attention of Lessor and the state archaeologist or Lessee shall provide evidence that no significant archaeological sites exist on the Leased Premises which could be destroyed by Lessee's operations.
35. FORCE MAJEURE -- Neither party shall be liable to the other for damages for any failure or delay in performance under this Lease caused directly or indirectly by any person, authority, event or circumstance beyond such party's reasonable control and without such party's fault or negligence, including without limitation, fire, casualty, strike, lockout, government control and shortages resulting therefrom, or act of God.
36. DEFAULT AND FORFEITURE -- It is agreed that if for any reason Lessee shall fail to keep each and every one of the covenants and conditions herein, and breaches any condition hereof, and such default continues for a period of 30 days after service of written notice thereof by certified mail upon Lessee, Lessor shall have the right to declare this Lease forfeited, and to enter onto the Leased Premises or any part thereof, either with or without process of law, and to expel, remove and put out Lessee or any person occupying the premises, using such force as may be necessary to do so. In the event of the termination of this Lease by reason of breach of the covenants herein contained, Lessee shall surrender and peaceably deliver to Lessor the Leased Premises, and such premises shall be in good mining condition. If, upon termination of this Lease for any reason, whether by

surrender, forfeiture or expiration of term or otherwise, Lessee shall not have fully complied with the terms of the Lease, Lessor shall hold and retain possession of the property, improvements, and equipment of Lessee as security unto Lessor for the payment of rents and royalties due it, or to protect it against liens, or to indemnify it against any loss or damage sustained by it by reason of the default of Lessee, for which purpose Lessor is hereby given a lien upon all such property, improvements, and equipment, which lien shall attach as the same are placed upon the premises. In the event Lessor shall foreclose the lien in this Paragraph given to it by Lessee, Lessor may itself be a purchaser at any sale thereof under such foreclosure. Upon the termination of this Lease for any cause, if Lessee shall remain in possession of the Leased Premises, he shall be guilty of an unlawful detainer under the statutes in such case made and provided, and he shall be subject to all the conditions and provisions thereof and to eviction and removal, forcibly or otherwise, with or without process of law, as above provided.

- 37. TAXES -- Lessee shall pay all taxes, or payments in lieu of taxes, lawfully assessed for the Leased Premises or improvements thereon.
- 38. NOTICES -- Any notice required to be given to Lessee under the provisions of this Lease shall be sent by certified mail to the address set forth at the beginning of this Lease or to such other address as Lessee may indicate in writing to Lessor, and such service by mail shall be deemed sufficient and in full compliance with the terms of this Lease as of the date it is postmarked. Notice to Lessor shall be given in like manner, addressed to the State Board of Land Commissioners' Denver, Colorado address.
- 39. HEIRS AND SUCCESSORS IN INTEREST -- The benefits, terms, and obligations of this Lease shall extend to and be binding upon the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

IN WITNESS WHEREOF, Lessor has caused these presents to be executed in duplicate by the State Board of Land Commissioners and sealed with the official seal of said Board, and Lessee has hereunto set his hand and seal, all on the day and year first above written.

STATE BOARD OF LAND COMMISSIONERS

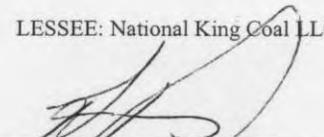

Dennis Brihker, President

Recommended:


Mark W. Davis, Minerals Director


Britt I. Weygandt, Division Director

LESSEE: National King Coal LLC


Trent Peterson, President

_____ ATTEST

State of Colorado

County of La Plata

The foregoing instrument was acknowledged before me this 13th day of September, 2004, by Trent Peterson as being authorized to execute same.

(SEAL)



Notary Public 
My Commission Expires 12-9-06

COAL MINING LEASE

THIS COAL MINING LEASE ("Lease") dated this 27th day of August, 2009 ("Execution Date"), by and between The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn ("Lessor"), whose address is c/o Bill Scott Dunn, Personal Representative, 3207 N. El Dorado, Chandler, AZ 85224, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

SECTION 1. EXCLUSIVE LEASE

In consideration of the terms, conditions, and stipulations set forth to be performed and observed by Lessee, Lessor, acting on its own behalf and with the intention of exercising any right, option or power held by it on behalf of any other person or entity, does, to the extent that Lessor now or hereafter owns or controls same, hereby demise, lease and let to Lessee, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal, Third-Party Coal (as hereinafter defined), including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law.

"Third-Party Coal," as used in this Lease, shall mean any coal mined from any lands other than the Leased Premises.

Subject to the provisions and limitations contained above, Lessee shall have the right to mine the Leased Coal by underground mining methods, including room and pillar, continuous miner, and longwall mining methods, or such other underground mining methods as may be deemed appropriate by Lessee.

Subject to the above limitations, Lessee is hereby granted the right to transport Third-Party Coal through, across or under the Leased Premises, and men, materials, timber, supplies and equipment in connection with mining on, in, or from the Leased Premises or any other lands.

SECTION 2. TERM

The primary term of this Lease shall be for a period of five (5) years from the Effective Date set forth below, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as hereinafter provided. In the event all the mineable and merchantable coal underlying the Leased Premises shall have been mined and removed from the Leased Premises pursuant to the provisions of this Lease and mining operations by Lessee have ceased upon the Leased Premises, then, this Lease shall cease and terminate upon the date when all such coal shall have been mined and removed and such mining operations have ceased.

As used in this Lease, "mineable and merchantable coal" shall mean coal that can be mined and delivered to market at a reasonable profit to Lessee, using the in-place mining methods and equipment, when reached in the ordinary course of Lessee's operations.

Notwithstanding anything herein to the contrary, the term of this Lease may be extended beyond such date by Lessee to the extent reasonably required by Lessee to continue the operation of any facilities that are useful for the handling or processing of any Third-Party Coal, provided that Lessee shall pay Lessor Haulage Payments as provided in Section 8 of this agreement. Lessee shall also have the right to enter in and upon the Leased Premises after the termination or forfeiture of this Lease, without rental, (i) for the purpose of removing all of Lessee's structures, machinery, equipment and other property from any part of the Leased Premises following the termination of this Lease in accordance with Section 15 hereof and (ii) for the purpose of conducting reclamation activities on the Leased Premises or on any other lands and complying with applicable law, provided that if Lessee exercises its rights pursuant to this sentence, the provisions of Section 10 shall apply during said time.

The Effective Date of this lease shall be the date at which Lessee has secured leases from the owners of 100% of the minerals underlying the Leased Premises. Upon the execution date of this lease, and on every January 1st thereafter until the Effective Date, Lessee agrees to pay \$250 annually in delay rentals for the purpose of obtaining permits and leases from all third parties necessary to lease 100% of the coal interests under the Leased Premises. In no event shall Lessee be obligated to pay any other royalty described in this lease, nor shall Lessee be obligated to commence mining operations until, in Lessee's discretion, Lessee has obtained the necessary governmental permits and has secured leases that would allow it to commence legal mining operations. If, after five (5) calendar years from the Execution Date of this lease, all such leases have not been secured, either Lessor or Lessee may terminate this lease with no further payments due Lessor.

SECTION 3. WARRANTY

Lessor represents and makes the following special warranties and shall defend the Leased Premises against any person claiming the whole or part thereof, by, through, or under the Lessor:

Lessor represents and warrants to Lessee: that Lessor owns an undivided Twenty Five (25%) of the mineral interest (to expressly include coal) in and to the Leased Premises; that Lessor's interest in the Leased Premises is free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessor has the full and exclusive right and power to lease the Leased Premises to Lessee under the terms and provisions of this Lease and to grant the rights granted to Lessee hereunder; and that the Leased Premises are not subject to any agreements contrary to the provisions of this Lease. Lessor also agrees to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged. In the event Lessor is either unable or unwilling to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged, then, Lessee, at its option, may defend the title to the Leased Premises and to the rights granted to Lessee herein and thereafter deduct the cost of such defense from any Royalty payment due Lessor until fully recouped.

The foregoing provisions in this Section 3 are to constitute a Special Warranty by Lessor as to title defects or encumbrances arising by, through, or under the Lessor. Lessor makes no warranty

or representation as to title defects or encumbrances arising by or through Lessor's predecessors in interest of the Leased Premises.

SECTION 4. LESSER INTEREST

In the event Lessor owns less than the entire fee simple estate in and to the Leased Coal, whether or not such lesser interest is specified herein, all payments of Minimum Annual Royalties, Production Royalties, Haulage Payments, and Minimum Annual Haulage Payments as provided in Section 8, provided for herein, shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the Leased Coal. Delay rentals as provided in Section 2, shall not be subject to percentage reduction by the foregoing Lesser Interest clause.

SECTION 5. MINIMUM ANNUAL ROYALTY

Upon the Effective Date of this Lease, Lessee shall pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00) for the first lease year. Beginning on January 1, in the year after the Effective Date year, and on each succeeding January 1 during the term of this Lease, Lessee shall also pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00). Each payment shall be made in advance, on the first day of January of each Lease year. Each payment shall hereinafter be referred to as an "Annual Minimum Royalty Payment." Lessee shall have the right to recoup an Annual Minimum Royalty Payment during the same calendar year following the payment, by deducting the amount of such payment from the Production Royalty payments due during the calendar year. If at any time during the term of this Lease, in the opinion of Lessor's engineer or an independent professional engineer mutually acceptable to Lessor and Lessee, upon the request of Lessee, the amount of mineable and merchantable Leased Coal is not sufficient to recoup Minimum Annual Royalties payable to all Lessors of the Leased Premises during a calendar year, then this lease shall terminate under the provisions of Section 2, and the obligation to pay Minimum Annual Royalty shall immediately cease.

SECTION 6. PRODUCTION ROYALTY

During the term of this Lease, Lessee shall pay to Lessor, at the address set forth in Section 18 hereto, or at such other places as Lessor may from time to time designate in writing, a Production Royalty in an amount equal to eight percent (8%) of the gross selling price per ton for the coal mined and sold from the Leased Premises during each calendar month during the term hereof, to be forwarded to Lessor within thirty (30) days from the end of the month to which payment applies.

"Coal" is defined as, without limitation, any and all grades, types, and seams of coal, lignite and the substances contained therein or associated therewith. ~~including coal bed methane in any coal seam encountered by Lessee.~~ The term "ton" referred to herein shall mean 2,000 pounds.


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Subject to the qualification hereinafter stated in this paragraph, "gross selling price" of coal shall, for all purposes under this Lease, be the amount received by Lessee, upon sale thereof, to an unaffiliated third-party purchaser, f.o.b. at the contractual point at which the Leased Coal mined hereunder is sold to such unaffiliated third-party purchaser, without any deduction for selling

expenses, sales commissions, or costs incurred for crushing and screening, but with proper deduction for transportation costs incurred in the instances where the f.o.b. contractual point is different than the mine loading point. If Lessee shall consume any of the Leased Coal, or if the Leased Coal is sold to an affiliate of Lessee, the price of the Leased Coal shall not be less than (i) the average gross selling price of Leased Coal of comparable quality as is then being sold by Lessee to unaffiliated third-party purchasers, or (ii) if there are no unaffiliated third-party purchasers, the average gross selling price of comparable coal in the open market, adjusted as necessary to establish comparability.

Lessee shall forward to Lessor, on or before the 30th day of each calendar month, a report (i) of revenues for Leased Coal sold from inventory and (ii) of weights of Leased Coal consumed, if any, by Lessee, on a first in, first out basis during the preceding calendar month. Lessee shall keep accurate and correct books of account showing all coal mined, and all coal consumed on, transported, or shipped from the Leased Premises or elsewhere, together with the correct weights and gross selling price thereof, to which books and records Lessor shall at all reasonable times and with reasonable notice have access for verification of statements to be furnished by Lessee for a period of two (2) years from the date of payment.

In the event it shall be necessary or reasonably convenient in mining the Leased Coal to load the same over a tipple or tipples over which other coal is loaded, thereby mixing the Leased Coal with other coal, Lessee shall keep an account of the tonnage of Leased Coal, as well as an account of the tonnage of other coal being loaded over the same tipple or tipples.

If the Leased Coal is mined, processed, stored, and sold separately from all other coals, then, the gross selling price shall be the price received for the Leased Coal as and when sold. In the event that Leased Coal is commingled with other Third-Party coal, then, the gross selling price, as set forth in this Section 6, shall be the gross selling price received for all coal with which such Leased Coal is commingled. Leased Coal shall only be commingled with other coal that is of a quality that may satisfy the same or a similar market.

SECTION 7. HAULAGE PAYMENT

During the Term of this lease as described in Section 2, Lessee agrees to pay FIVE CENTS (\$0.05) for every ton of merchantable Third Party Coal removed and transported through the Leased Premises ("Haulage Payment"). No Haulage Payment shall apply to coal mined from the Leased Premises for which a Production Royalty is paid.

Lessee shall report and pay the Haulage Payment to Lessor in the same manner and time prescribed for reporting of Production Royalties.

If the Term of the lease expires as described in Section 2, but is extended for the purposes of transporting Third Party Coal through the Leased Premises as described in Section 2, then a Minimum Annual Haulage Payment shall be payable as follows. Upon the first transport of Third Party Coal through the Leased Premises after the lease primary term expires or the lease is no longer held by production, and then upon each succeeding January 1 thereafter until the cessation of Third Party Coal transport through the Leased Premises, Lessee shall pay an annual Minimum Annual Haulage Payment of \$1000.00. Lessee shall have the right to recoup an Minimum Annual Haulage Payment during the same calendar year following the payment of same, by deducting the

amount of such payment from the Haulage Payments due during the calendar year, so long as this Lease is extended by the transport of Third Party Coal through the Leased Premises.

SECTION 8. TAXES

Lessor will pay all the taxes, levies, and assessments on or in respect of Lessor's ownership of the Leased Premises during the continuance of this Lease. Lessee shall pay any and all taxes due to the State and/or its subdivision for severing, removing, processing, or preparing of said coal, except for taxes on gross or net income of Lessor on receipt of royalties. If Lessor fails to pay the taxes, levies, and assessments set forth above or if there are any taxes or encumbrances due on the Leased Premises, then, Lessee may pay the same and any penalties, or redeem the Leased Premises from a tax sale, and deduct the amount expended due to Lessor's failure to timely pay any taxes, levies and assessments, from any Minimum Annual Royalty or Production Royalty subsequently accruing.

Lessee may, at any time during the continuance of this Lease, at its own cost and expense, and after reasonable notice to Lessor of its intention so to do, contest any of the taxes, levies, or assessments as above provided. In the event of any such contest, Lessee is authorized to proceed in the name of Lessor with respect to the interest of Lessor in the Leased Premises, but Lessee shall indemnify Lessor against any costs, penalties, expenses, or interest charges arising out of such contest.

SECTION 9. METHOD OF OPERATION

Lessee covenants and agrees that when it commences operation in any of the seams leased herein, Lessee will thereafter conduct its operations as a prudent operator and in a careful, skillful, and workmanlike manner, and in compliance with the laws of the State of Colorado and of the United States, and also according to good mining practices and with due regard for the value of the Leased Premises. Minimum Annual Royalty paid hereunder shall be in lieu of any implied covenant of diligent development.

Lessee shall be responsible for complying with all laws and governmental regulations, including environmental laws and regulations, related to or controlling mining and related operations by Lessee, its sublessees and contractors, on the Leased Premises, which responsibility shall survive termination of this Lease. If Lessee violates, or is claimed to have violated, laws or governmental regulations, then, Lessee shall indemnify Lessor and hold Lessor harmless from any penalties, fines, costs, and expenses, including reasonable legal fees and court costs, imposed upon or incurred by Lessor as a result of said claim, violation or violations.

Notwithstanding Lessee's obligation to comply with all laws, rules, regulations and orders as set forth above, Lessor shall not declare a default hereunder solely as a result of one or more operational violations which Lessee cures or abates as promptly as practical. Lessee shall be solely responsible for treatment of any water discharge caused by its operations, if required by present or future law or regulation, which responsibility shall survive termination of this Lease. Lessor shall consent to Lessee's election of post-mining land uses (including post-mining retention of roads and ponds in place to the extent allowed by applicable law) and shall execute all consents, waivers and authorizations reasonably requested by Lessee with respect thereto.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying any and all laboratory analyses made of coal mined from the Leased Premises.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying, at all reasonable times and upon reasonable notice, any and all Lessee's correspondence with government agencies or departments which pertain to the Leased Premises, or to operations undertaken or to be undertaken thereon.

Lessor shall maintain all records furnished or made available pursuant hereto in confidence.

Notwithstanding anything in this Lease to the contrary, Lessee shall be entitled to enter into contract mining agreements and subleases with any mining contractor or sublessee, without Lessor's consent, for mining of the Leased Coal, upon terms and conditions chosen by the Lessee; provided that the Lessee shall remain obligated to the Lessor for compliance with all the terms and conditions of this Lease.

SECTION 10. INDEMNIFICATION AND INSURANCE

Lessee covenants and agrees to indemnify, save harmless, and defend Lessor from and against (a) any and all claims, demands, damage to person or property, actions or causes of action by or on behalf of any person, firm, corporation or governmental body for damages, injuries, deaths, penalties, fines, assessments or otherwise caused by, arising out of, resulting from or as a consequence of, in whole or in part, (i) any acts or omissions of Lessee, its officers, directors, employees, sublessees, contractors, subcontractors, licensees, invitees, engineers, agents, successors, assigns or parent or affiliated corporations or any other persons or entities acting by direct or indirect authority of Lessee, or pursuant to any rights granted in this Lease or (ii) the use and enjoyment of the Leased Premises pursuant to this Lease, and (b) any and all costs, counsel fees, expenses and liabilities reasonably incurred in or about any such claim or action brought thereon. Notwithstanding anything herein to the contrary, Lessee shall not be liable for special, consequential or punitive damages incurred by Lessor, but as between Lessor and Lessee, Lessee shall be liable for special, consequential or punitive damages incurred by unaffiliated third-parties as a result of Lessee's actions on the Leased Premises.

During the term of this Lease, Lessee shall carry, and shall require any sublessees or contractors to carry, with a limit of \$1 million per person and \$2 million per occurrence, general liability, including contractual liability, insurance. Such insurance shall be written on an "occurrence" basis unless the policy is available only on a "claims made" basis, in which case such "claims made" insurance coverage shall be maintained in effect for a period of at least five (5) years after the termination of this Lease, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever shall last occur.

SECTION 11. REMEDIES OF LESSOR

All payments hereunder required to be made by Lessee to Lessor shall be deemed and considered as rent reserved upon contract, and all remedies now or hereafter given by the laws of the State of Colorado for the collection of rent and/or recovery of possession are reserved to Lessor in respect of the sums so payable, and a lien is hereby reserved upon this Lease and the leasehold estate hereby created, to secure the payment of any and all sums.

If default be made by Lessee in the payment of the royalties herein reserved, or in the performance of any of the other terms or conditions hereof required to be kept or performed by Lessee, and such default shall continue for a period of thirty (30) days with respect to the payment of royalties, or sixty (60) days with respect to performance of any of the other terms or conditions, after written notification thereof has been received by Lessee, then, in such event and as often as the same occurs, Lessor may, at its option, terminate this Lease without any further notice and re-enter upon and take possession of the Leased Premises and hold and possess the same as its absolute property free and clear of any claims of, by, or through Lessee, and pursue any and all other remedies available under the laws of the State of Colorado for violation of any covenant or condition hereof, and all such remedies shall be deemed cumulative and not exclusive. Notwithstanding the foregoing, should Lessor assert a default with respect to the payment of royalties, Lessee shall have the right to challenge that assertion within the prescribed thirty (30)-day period and to withhold the payment asserted to be in default pending resolution as to the validity of Lessor's asserted default in the payment of royalties. Notwithstanding the foregoing, should physical conditions on the Leased Premises prohibit cure of any default by Lessee within respect to the performance of any other terms or conditions within the prescribed sixty (60)-day period, then, Lessee shall be required to have diligently and in good faith commenced curative measures and shall within the sixty (60) days of notice of default advise Lessor in detail in writing as to what physical conditions are prohibiting completion of such cure and setting forth a timetable for such cure. Such notice by Lessee to Lessor shall toll the sixty (60)-day curative time until physical conditions permit completion of curative work in a diligent, good faith fashion. No action by Lessor pursuant to this Section 11 shall impair the right to royalties due or accrued up to the time of termination and re-entry hereunder, but none shall be charged for any period thereafter.

SECTION 12. ASSIGNMENT

Except by operation of law, or as expressly permitted in this Lease, Lessee covenants and agrees that it will not sell, assign, mortgage, pledge or otherwise transfer or encumber (collectively "transfer") this Lease or any rights, interests or estates created by this Lease or all or any portion of the Leased Premises, without having first obtained the written consent of Lessor (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment, without obtaining and presenting to Lessor a covenant of assumption by the assignee, wherein such assignee expressly agrees to and with Lessor to assume and be bound by all of the covenants, terms, conditions and provisions hereof to the same extent as if said assignee had been named as the original Lessee. Any transfer of this Lease or any portion thereof to an entity affiliated with Lessee or any sublease of any portion of the Leased Premises shall not relieve Lessee from its obligations to comply with all the covenants, terms, conditions and provisions of this Lease, and to assure that the said assignee or sublessee complies with the covenants, terms, conditions and provisions of this Lease, unless otherwise agreed in writing by Lessor. In the event Lessor consents to any transfer, such consent shall not relieve Lessee and/or any transferee, from securing Lessor's written consent to any further transfer, nor shall any such consent be construed as a consent to any further transfer or as a waiver of any portion of this section or of Lessor's rights hereunder.

SECTION 13. TERMINATION

Lessee may at any time execute and deliver to Lessor a release covering all of the Leased Premises, and thereby terminate this Lease. If this Lease expires or is terminated as to all of the Leased Premises, Lessee shall not be required to pay any Annual Minimum Payments accruing after the effective date of expiration or termination; provided that Lessee shall be fully responsible for all obligations accruing prior to the effective date of the expiration or termination of this Lease. Upon expiration or termination of this Lease, excepts as otherwise provided for in Section 2 above, Lessee shall peaceably surrender the Leased Premises to Lessor, free and clear of all liens and encumbrances made or allowed by Lessee or in any way arising out of this Lease or Lessee's use of the Leased Premises.

SECTION 14. REMOVAL OF PROPERTY

Lessee, having performed all the terms and conditions of this Lease to be performed by it, may, for a period of twelve (12) months following termination or expiration, remove any and all equipment and personal property owned by Lessee. If the Lessee shall fail to remove any of the equipment and personal property described above within said twelve (12) months, then, the same shall thereupon be and become the absolute property of Lessor. If Lessor becomes obligated to remove equipment or property not removed by Lessee, then Lessee shall reimburse Lessor for the costs incurred by Lessee, including damages and attorney fees, by Lessee's failure to remove such property.

SECTION 15. FORCE MAJEURE

Except for the payment of monetary obligations by Lessee to Lessor, the failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be grounds for cancellation or termination or forfeiture hereof, during such time(s) and in accordance with the following:

(a) If such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides, unusual mining casualty, damage to or destruction of operating facilities, civil or military disorders, insurrection, strikes, lockouts, industrial disturbances, riots, terrorist incidents, fuel shortages not due to the negligence or lack of diligence by Lessee, judicial orders, litigation or legal actions, laws, orders, rules, regulations, governmental actions, policies or regulations which substantially restrict or inhibit Lessee's operations on the Leased Premises under this Lease, inability to obtain any license, permit or other authorization that may be required to conduct operations on the Leased Premises, acts of nature, or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from and not be held liable for, such failure to perform or comply. If Lessee is prevented from engaging in its operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is prevented from conducting such operations; provided that Lessee shall continue to make any Annual Minimum Payments and/or Production Royalty payments, as appropriate, during any force majeure period. Lessee shall promptly notify Lessor in writing of any event of force majeure after being affected thereby, describe the estimated extent of any delays

likely to result therefrom, and shall similarly so notify the Lessor upon cessation of the condition of force majeure.

(b) In the event of a delay caused by force majeure, Lessee shall exercise reasonable diligence to resume its operations pursuant to this Lease as soon as reasonably practicable.

(c) Lessee shall have the right to determine and settle any strike, lockout, or industrial disturbance in its sole discretion, and the aforesaid requirement of exercising reasonable diligence to resume operations shall not require Lessee to accede to any demand or position of any other party involved in such strike, lockout, or industrial dispute.

(d) If, at any time during the term of this Lease, including any extensions hereof, Lessee's operations are determined by Lessee to be uneconomic due to unavailability of a suitable market for the coal from the Leased Premises, prevailing costs of mining, processing or marketing with respect to prices available for coal from the Leased Premises, unavailability of equipment or competent labor, or imposition of governmental statutes, requirements or regulations making it impractical to carry out such operations, Lessee shall have the right, from time to time, to temporarily discontinue operations hereunder. In each such event, Lessee shall, within thirty (30) days of the expiration of each lease year in which such temporary discontinuance occurs, notify Lessor of the total period of each discontinuance during such year and shall continue to make the Annual Minimum Payments as provided herein.

(e) The existence of any event of force majeure shall not relieve Lessee of the obligation to make Annual Minimum Payments in accordance with Section 5 hereof.

SECTION 16. WAIVERS AND RELEASES, ETC.

No waiver, release, modification, or amendment of any of the terms, conditions, or provisions of this Lease shall be valid or relied upon by Lessor or Lessee, unless the same is in writing duly executed by Lessor and Lessee. The failure to exercise any right upon nonperformance shall not be construed as a waiver of the right to insist on subsequent performance of the terms and conditions hereof.

SECTION 17. CONTROLLING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. The parties submit to the exclusive personal jurisdiction of the courts of Colorado, in respect of any matter or thing arising out of this Lease or pursuant thereto.

SECTION 18. NOTICES

Until written notice of a different address, all notices which are anywhere in this Lease provided to be given shall be effective upon receipt and shall be served upon or mailed to:

As to Lessor: The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn
 aka Joan N. Dunn, c/o Bill Scott Dunn as Personal Representative
 3207 N. El Dorado
 Chandler, AZ 85224

As to Lessee: GCC Energy, LLC
P.O. Box 2827
Durango, CO 81302

Notices may also be served via facsimile transmission, provided that the sender has written confirmation that the transmission was successful.

SECTION 19. SUCCESSORS AND ASSIGNS

All covenants, agreements, and conditions herein set forth to be performed by or on behalf of Lessor or Lessee shall bind their respective successors and assigns, whether so expressed or not, and shall inure to the benefit not only of Lessor and Lessee, but also the benefit of their respective successors and assigns; but this Section 20 shall not be construed as in anywise modifying the provisions of Section 13 hereof.

SECTION 20. RECLAMATION

Lessee agrees to perform reclamation activities required under the terms of its permit, the Colorado Mined Land Reclamation Act, the Colorado Surface Coal Mining Reclamation Act, and other applicable local, state or federal laws. The foregoing shall not be construed to confer standing upon Lessor that would not ordinarily be available by provisions of the applicable laws.

SECTION 21. MISCELLANEOUS.

Unless expressly provided for elsewhere in this Lease, this Lease shall be interpreted in accordance with the following provisions:

- (a) Whenever the context may require, any pronoun used in this Lease shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.
- (b) If a word or phrase is defined, its other grammatical forms shall have a corresponding meaning.
- (c) A reference to a person, corporation, trust, estate, partnership, or other entity shall include any of them.
- (d) The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.
- (e) A reference to legislation or to a provision of legislation includes a modification or reenactment of it, a legislative provision substituted for it, and a regulation or statutory instrument issued under it.
- (f) A reference to a writing includes a facsimile transmission of it and any means of reproducing of its words in a tangible and permanently visible form.
- (g) The words "hereof," "herein," "hereunder," and words of similar import, when used in this Lease, shall refer to this Lease as a whole and not to any particular provision of this Lease, and

article, section, subsection, schedule and exhibit references are to this Lease unless otherwise specified.

(h) The word "including" shall mean including without limitation.

(i) Exhibit A identified in this Lease is incorporated herein by reference and made a part of this Lease.

(j) The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Lease.

(k) Lessor and Lessee agree to execute and record a short-form or memorandum of lease for the purpose of providing record notice of this Lease. Such memorandum shall be in lieu of recording this lease instrument and both parties agree that this lease shall not be recorded under any circumstances.

(l) This Lease may be executed in counterparts and shall be binding upon the parties executing a counterpart hereof, whether or not other owners of interests in the Lease Premises have not entered into this lease.

IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their respective representatives thereunto duly authorized, all as of the day and year first above written.

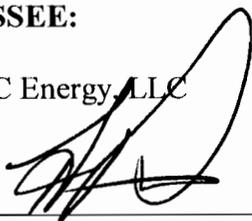
LESSOR:

The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn

By: 
Bill Scott Dunn, Personal Representative

LESSEE:

GCC Energy, LLC

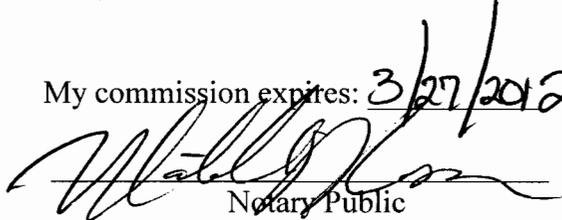

By: Trent Peterson, Vice President

STATE OF ARIZONA)
) SS:
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 1ST day of SEPTEMBER 2009, by Bill Scott Dunn as Personal Representative of The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn, personally known to me.

WITNESS my hand and official seal.

My commission expires: 3/27/2012


Notary Public



STATE OF COLORADO)
) SS:
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 15th day of September, 2009, by Trent Peterson, as Vice President of GCC Energy, LLC, on behalf of said Limited Liability Company.

WITNESS my hand and official seal.

My commission expires: 12/15/12


Notary Public



EXHIBIT A
To
COAL MINING LEASE

Dated this 27th day of August, 2009 ("Execution Date"), by and between The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn ("Lessor"), whose address is c/o Bill Scott Dunn, Personal Representative, 3207 N. El Dorado, Chandler, AZ 85224, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: SW1/4NE1/4, NW1/4SE1/4

Containing 80 acres, more or less

COAL MINING LEASE

THIS COAL MINING LEASE ("Lease") dated this 27th day of August, 2009 ("Execution Date"), by and between The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn ("Lessor"), whose address is c/o Bill Scott Dunn, Personal Representative, 3207 N. El Dorado, Chandler, AZ 85224, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

SECTION 1. EXCLUSIVE LEASE

In consideration of the terms, conditions, and stipulations set forth to be performed and observed by Lessee, Lessor, acting on its own behalf and with the intention of exercising any right, option or power held by it on behalf of any other person or entity, does, to the extent that Lessor now or hereafter owns or controls same, hereby demise, lease and let to Lessee, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal, Third-Party Coal (as hereinafter defined), including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law.

"Third-Party Coal," as used in this Lease, shall mean any coal mined from any lands other than the Leased Premises.

Subject to the provisions and limitations contained above, Lessee shall have the right to mine the Leased Coal by underground mining methods, including room and pillar, continuous miner, and longwall mining methods, or such other underground mining methods as may be deemed appropriate by Lessee.

Subject to the above limitations, Lessee is hereby granted the right to transport Third-Party Coal through, across or under the Leased Premises, and men, materials, timber, supplies and equipment in connection with mining on, in, or from the Leased Premises or any other lands.

SECTION 2. TERM

The primary term of this Lease shall be for a period of five (5) years from the Effective Date set forth below, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as hereinafter provided. In the event all the mineable and merchantable coal underlying the Leased Premises shall have been mined and removed from the Leased Premises pursuant to the provisions of this Lease and mining operations by Lessee have ceased upon the Leased Premises, then, this Lease shall cease and terminate upon the date when all such coal shall have been mined and removed and such mining operations have ceased.

As used in this Lease, "mineable and merchantable coal" shall mean coal that can be mined and delivered to market at a reasonable profit to Lessee, using the in-place mining methods and equipment, when reached in the ordinary course of Lessee's operations.

Notwithstanding anything herein to the contrary, the term of this Lease may be extended beyond such date by Lessee to the extent reasonably required by Lessee to continue the operation of any facilities that are useful for the handling or processing of any Third-Party Coal, provided that Lessee shall pay Lessor Haulage Payments as provided in Section 8 of this agreement. Lessee shall also have the right to enter in and upon the Leased Premises after the termination or forfeiture of this Lease, without rental, (i) for the purpose of removing all of Lessee's structures, machinery, equipment and other property from any part of the Leased Premises following the termination of this Lease in accordance with Section 15 hereof and (ii) for the purpose of conducting reclamation activities on the Leased Premises or on any other lands and complying with applicable law, provided that if Lessee exercises its rights pursuant to this sentence, the provisions of Section 10 shall apply during said time.

The Effective Date of this lease shall be the date at which Lessee has secured leases from the owners of 100% of the minerals underlying the Leased Premises. Upon the execution date of this lease, and on every January 1st thereafter until the Effective Date, Lessee agrees to pay \$250 annually in delay rentals for the purpose of obtaining permits and leases from all third parties necessary to lease 100% of the coal interests under the Leased Premises. In no event shall Lessee be obligated to pay any other royalty described in this lease, nor shall Lessee be obligated to commence mining operations until, in Lessee's discretion, Lessee has obtained the necessary governmental permits and has secured leases that would allow it to commence legal mining operations. If, after five (5) calendar years from the Execution Date of this lease, all such leases have not been secured, either Lessor or Lessee may terminate this lease with no further payments due Lessor.

SECTION 3. WARRANTY

Lessor represents and makes the following special warranties and shall defend the Leased Premises against any person claiming the whole or part thereof, by, through, or under the Lessor:

Lessor represents and warrants to Lessee: that Lessor owns an undivided Twenty Five (25%) of the mineral interest (to expressly include coal) in and to the Leased Premises; that Lessor's interest in the Leased Premises is free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessor has the full and exclusive right and power to lease the Leased Premises to Lessee under the terms and provisions of this Lease and to grant the rights granted to Lessee hereunder; and that the Leased Premises are not subject to any agreements contrary to the provisions of this Lease. Lessor also agrees to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged. In the event Lessor is either unable or unwilling to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged, then, Lessee, at its option, may defend the title to the Leased Premises and to the rights granted to Lessee herein and thereafter deduct the cost of such defense from any Royalty payment due Lessor until fully recouped.

The foregoing provisions in this Section 3 are to constitute a Special Warranty by Lessor as to title defects or encumbrances arising by, through, or under the Lessor. Lessor makes no warranty

or representation as to title defects or encumbrances arising by or through Lessor's predecessors in interest of the Leased Premises.

SECTION 4. LESSER INTEREST

In the event Lessor owns less than the entire fee simple estate in and to the Leased Coal, whether or not such lesser interest is specified herein, all payments of Minimum Annual Royalties, Production Royalties, Haulage Payments, and Minimum Annual Haulage Payments as provided in Section 8, provided for herein, shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the Leased Coal. Delay rentals as provided in Section 2, shall not be subject to percentage reduction by the foregoing Lesser Interest clause.

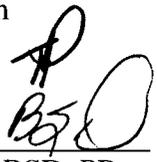
SECTION 5. MINIMUM ANNUAL ROYALTY

Upon the Effective Date of this Lease, Lessee shall pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00) for the first lease year. Beginning on January 1, in the year after the Effective Date year, and on each succeeding January 1 during the term of this Lease, Lessee shall also pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00). Each payment shall be made in advance, on the first day of January of each Lease year. Each payment shall hereinafter be referred to as an "Annual Minimum Royalty Payment." Lessee shall have the right to recoup an Annual Minimum Royalty Payment during the same calendar year following the payment, by deducting the amount of such payment from the Production Royalty payments due during the calendar year. If at any time during the term of this Lease, in the opinion of Lessor's engineer or an independent professional engineer mutually acceptable to Lessor and Lessee, upon the request of Lessee, the amount of mineable and merchantable Leased Coal is not sufficient to recoup Minimum Annual Royalties payable to all Lessors of the Leased Premises during a calendar year, then this lease shall terminate under the provisions of Section 2, and the obligation to pay Minimum Annual Royalty shall immediately cease.

SECTION 6. PRODUCTION ROYALTY

During the term of this Lease, Lessee shall pay to Lessor, at the address set forth in Section 18 hereto, or at such other places as Lessor may from time to time designate in writing, a Production Royalty in an amount equal to eight percent (8%) of the gross selling price per ton for the coal mined and sold from the Leased Premises during each calendar month during the term hereof, to be forwarded to Lessor within thirty (30) days from the end of the month to which payment applies.

"Coal" is defined as, without limitation, any and all grades, types, and seams of coal, lignite and the substances contained therein or associated therewith. ~~including coal bed methane in any coal seam encountered by Lessee.~~ The term "ton" referred to herein shall mean 2,000 pounds.


BSD, PR

Subject to the qualification hereinafter stated in this paragraph, "gross selling price" of coal shall, for all purposes under this Lease, be the amount received by Lessee, upon sale thereof, to an unaffiliated third-party purchaser, f.o.b. at the contractual point at which the Leased Coal mined hereunder is sold to such unaffiliated third-party purchaser, without any deduction for selling

expenses, sales commissions, or costs incurred for crushing and screening, but with proper deduction for transportation costs incurred in the instances where the f.o.b. contractual point is different than the mine loading point. If Lessee shall consume any of the Leased Coal, or if the Leased Coal is sold to an affiliate of Lessee, the price of the Leased Coal shall not be less than (i) the average gross selling price of Leased Coal of comparable quality as is then being sold by Lessee to unaffiliated third-party purchasers, or (ii) if there are no unaffiliated third-party purchasers, the average gross selling price of comparable coal in the open market, adjusted as necessary to establish comparability.

Lessee shall forward to Lessor, on or before the 30th day of each calendar month, a report (i) of revenues for Leased Coal sold from inventory and (ii) of weights of Leased Coal consumed, if any, by Lessee, on a first in, first out basis during the preceding calendar month. Lessee shall keep accurate and correct books of account showing all coal mined, and all coal consumed on, transported, or shipped from the Leased Premises or elsewhere, together with the correct weights and gross selling price thereof, to which books and records Lessor shall at all reasonable times and with reasonable notice have access for verification of statements to be furnished by Lessee for a period of two (2) years from the date of payment.

In the event it shall be necessary or reasonably convenient in mining the Leased Coal to load the same over a tipple or tipples over which other coal is loaded, thereby mixing the Leased Coal with other coal, Lessee shall keep an account of the tonnage of Leased Coal, as well as an account of the tonnage of other coal being loaded over the same tipple or tipples.

If the Leased Coal is mined, processed, stored, and sold separately from all other coals, then, the gross selling price shall be the price received for the Leased Coal as and when sold. In the event that Leased Coal is commingled with other Third-Party coal, then, the gross selling price, as set forth in this Section 6, shall be the gross selling price received for all coal with which such Leased Coal is commingled. Leased Coal shall only be commingled with other coal that is of a quality that may satisfy the same or a similar market.

SECTION 7. HAULAGE PAYMENT

During the Term of this lease as described in Section 2, Lessee agrees to pay FIVE CENTS (\$0.05) for every ton of merchantable Third Party Coal removed and transported through the Leased Premises ("Haulage Payment"). No Haulage Payment shall apply to coal mined from the Leased Premises for which a Production Royalty is paid.

Lessee shall report and pay the Haulage Payment to Lessor in the same manner and time prescribed for reporting of Production Royalties.

If the Term of the lease expires as described in Section 2, but is extended for the purposes of transporting Third Party Coal through the Leased Premises as described in Section 2, then a Minimum Annual Haulage Payment shall be payable as follows. Upon the first transport of Third Party Coal through the Leased Premises after the lease primary term expires or the lease is no longer held by production, and then upon each succeeding January 1 thereafter until the cessation of Third Party Coal transport through the Leased Premises, Lessee shall pay an annual Minimum Annual Haulage Payment of \$1000.00. Lessee shall have the right to recoup an Minimum Annual Haulage Payment during the same calendar year following the payment of same, by deducting the

amount of such payment from the Haulage Payments due during the calendar year, so long as this Lease is extended by the transport of Third Party Coal through the Leased Premises.

SECTION 8. TAXES

Lessor will pay all the taxes, levies, and assessments on or in respect of Lessor's ownership of the Leased Premises during the continuance of this Lease. Lessee shall pay any and all taxes due to the State and/or its subdivision for severing, removing, processing, or preparing of said coal, except for taxes on gross or net income of Lessor on receipt of royalties. If Lessor fails to pay the taxes, levies, and assessments set forth above or if there are any taxes or encumbrances due on the Leased Premises, then, Lessee may pay the same and any penalties, or redeem the Leased Premises from a tax sale, and deduct the amount expended due to Lessor's failure to timely pay any taxes, levies and assessments, from any Minimum Annual Royalty or Production Royalty subsequently accruing.

Lessee may, at any time during the continuance of this Lease, at its own cost and expense, and after reasonable notice to Lessor of its intention so to do, contest any of the taxes, levies, or assessments as above provided. In the event of any such contest, Lessee is authorized to proceed in the name of Lessor with respect to the interest of Lessor in the Leased Premises, but Lessee shall indemnify Lessor against any costs, penalties, expenses, or interest charges arising out of such contest.

SECTION 9. METHOD OF OPERATION

Lessee covenants and agrees that when it commences operation in any of the seams leased herein, Lessee will thereafter conduct its operations as a prudent operator and in a careful, skillful, and workmanlike manner, and in compliance with the laws of the State of Colorado and of the United States, and also according to good mining practices and with due regard for the value of the Leased Premises. Minimum Annual Royalty paid hereunder shall be in lieu of any implied covenant of diligent development.

Lessee shall be responsible for complying with all laws and governmental regulations, including environmental laws and regulations, related to or controlling mining and related operations by Lessee, its sublessees and contractors, on the Leased Premises, which responsibility shall survive termination of this Lease. If Lessee violates, or is claimed to have violated, laws or governmental regulations, then, Lessee shall indemnify Lessor and hold Lessor harmless from any penalties, fines, costs, and expenses, including reasonable legal fees and court costs, imposed upon or incurred by Lessor as a result of said claim, violation or violations.

Notwithstanding Lessee's obligation to comply with all laws, rules, regulations and orders as set forth above, Lessor shall not declare a default hereunder solely as a result of one or more operational violations which Lessee cures or abates as promptly as practical. Lessee shall be solely responsible for treatment of any water discharge caused by its operations, if required by present or future law or regulation, which responsibility shall survive termination of this Lease. Lessor shall consent to Lessee's election of post-mining land uses (including post-mining retention of roads and ponds in place to the extent allowed by applicable law) and shall execute all consents, waivers and authorizations reasonably requested by Lessee with respect thereto.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying any and all laboratory analyses made of coal mined from the Leased Premises.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying, at all reasonable times and upon reasonable notice, any and all Lessee's correspondence with government agencies or departments which pertain to the Leased Premises, or to operations undertaken or to be undertaken thereon.

Lessor shall maintain all records furnished or made available pursuant hereto in confidence.

Notwithstanding anything in this Lease to the contrary, Lessee shall be entitled to enter into contract mining agreements and subleases with any mining contractor or sublessee, without Lessor's consent, for mining of the Leased Coal, upon terms and conditions chosen by the Lessee; provided that the Lessee shall remain obligated to the Lessor for compliance with all the terms and conditions of this Lease.

SECTION 10. INDEMNIFICATION AND INSURANCE

Lessee covenants and agrees to indemnify, save harmless, and defend Lessor from and against (a) any and all claims, demands, damage to person or property, actions or causes of action by or on behalf of any person, firm, corporation or governmental body for damages, injuries, deaths, penalties, fines, assessments or otherwise caused by, arising out of, resulting from or as a consequence of, in whole or in part, (i) any acts or omissions of Lessee, its officers, directors, employees, sublessees, contractors, subcontractors, licensees, invitees, engineers, agents, successors, assigns or parent or affiliated corporations or any other persons or entities acting by direct or indirect authority of Lessee, or pursuant to any rights granted in this Lease or (ii) the use and enjoyment of the Leased Premises pursuant to this Lease, and (b) any and all costs, counsel fees, expenses and liabilities reasonably incurred in or about any such claim or action brought thereon. Notwithstanding anything herein to the contrary, Lessee shall not be liable for special, consequential or punitive damages incurred by Lessor, but as between Lessor and Lessee, Lessee shall be liable for special, consequential or punitive damages incurred by unaffiliated third-parties as a result of Lessee's actions on the Leased Premises.

During the term of this Lease, Lessee shall carry, and shall require any sublessees or contractors to carry, with a limit of \$1 million per person and \$2 million per occurrence, general liability, including contractual liability, insurance. Such insurance shall be written on an "occurrence" basis unless the policy is available only on a "claims made" basis, in which case such "claims made" insurance coverage shall be maintained in effect for a period of at least five (5) years after the termination of this Lease, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever shall last occur.

SECTION 11. REMEDIES OF LESSOR

All payments hereunder required to be made by Lessee to Lessor shall be deemed and considered as rent reserved upon contract, and all remedies now or hereafter given by the laws of the State of Colorado for the collection of rent and/or recovery of possession are reserved to Lessor in respect of the sums so payable, and a lien is hereby reserved upon this Lease and the leasehold estate hereby created, to secure the payment of any and all sums.

If default be made by Lessee in the payment of the royalties herein reserved, or in the performance of any of the other terms or conditions hereof required to be kept or performed by Lessee, and such default shall continue for a period of thirty (30) days with respect to the payment of royalties, or sixty (60) days with respect to performance of any of the other terms or conditions, after written notification thereof has been received by Lessee, then, in such event and as often as the same occurs, Lessor may, at its option, terminate this Lease without any further notice and re-enter upon and take possession of the Leased Premises and hold and possess the same as its absolute property free and clear of any claims of, by, or through Lessee, and pursue any and all other remedies available under the laws of the State of Colorado for violation of any covenant or condition hereof, and all such remedies shall be deemed cumulative and not exclusive. Notwithstanding the foregoing, should Lessor assert a default with respect to the payment of royalties, Lessee shall have the right to challenge that assertion within the prescribed thirty (30)-day period and to withhold the payment asserted to be in default pending resolution as to the validity of Lessor's asserted default in the payment of royalties. Notwithstanding the foregoing, should physical conditions on the Leased Premises prohibit cure of any default by Lessee within respect to the performance of any other terms or conditions within the prescribed sixty (60)-day period, then, Lessee shall be required to have diligently and in good faith commenced curative measures and shall within the sixty (60) days of notice of default advise Lessor in detail in writing as to what physical conditions are prohibiting completion of such cure and setting forth a timetable for such cure. Such notice by Lessee to Lessor shall toll the sixty (60)-day curative time until physical conditions permit completion of curative work in a diligent, good faith fashion. No action by Lessor pursuant to this Section 11 shall impair the right to royalties due or accrued up to the time of termination and re-entry hereunder, but none shall be charged for any period thereafter.

SECTION 12. ASSIGNMENT

Except by operation of law, or as expressly permitted in this Lease, Lessee covenants and agrees that it will not sell, assign, mortgage, pledge or otherwise transfer or encumber (collectively "transfer") this Lease or any rights, interests or estates created by this Lease or all or any portion of the Leased Premises, without having first obtained the written consent of Lessor (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment, without obtaining and presenting to Lessor a covenant of assumption by the assignee, wherein such assignee expressly agrees to and with Lessor to assume and be bound by all of the covenants, terms, conditions and provisions hereof to the same extent as if said assignee had been named as the original Lessee. Any transfer of this Lease or any portion thereof to an entity affiliated with Lessee or any sublease of any portion of the Leased Premises shall not relieve Lessee from its obligations to comply with all the covenants, terms, conditions and provisions of this Lease, and to assure that the said assignee or sublessee complies with the covenants, terms, conditions and provisions of this Lease, unless otherwise agreed in writing by Lessor. In the event Lessor consents to any transfer, such consent shall not relieve Lessee and/or any transferee, from securing Lessor's written consent to any further transfer, nor shall any such consent be construed as a consent to any further transfer or as a waiver of any portion of this section or of Lessor's rights hereunder.

SECTION 13. TERMINATION

Lessee may at any time execute and deliver to Lessor a release covering all of the Leased Premises, and thereby terminate this Lease. If this Lease expires or is terminated as to all of the Leased Premises, Lessee shall not be required to pay any Annual Minimum Payments accruing after the effective date of expiration or termination; provided that Lessee shall be fully responsible for all obligations accruing prior to the effective date of the expiration or termination of this Lease. Upon expiration or termination of this Lease, excepts as otherwise provided for in Section 2 above, Lessee shall peaceably surrender the Leased Premises to Lessor, free and clear of all liens and encumbrances made or allowed by Lessee or in any way arising out of this Lease or Lessee's use of the Leased Premises.

SECTION 14. REMOVAL OF PROPERTY

Lessee, having performed all the terms and conditions of this Lease to be performed by it, may, for a period of twelve (12) months following termination or expiration, remove any and all equipment and personal property owned by Lessee. If the Lessee shall fail to remove any of the equipment and personal property described above within said twelve (12) months, then, the same shall thereupon be and become the absolute property of Lessor. If Lessor becomes obligated to remove equipment or property not removed by Lessee, then Lessee shall reimburse Lessor for the costs incurred by Lessee, including damages and attorney fees, by Lessee's failure to remove such property.

SECTION 15. FORCE MAJEURE

Except for the payment of monetary obligations by Lessee to Lessor, the failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be grounds for cancellation or termination or forfeiture hereof, during such time(s) and in accordance with the following:

(a) If such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides, unusual mining casualty, damage to or destruction of operating facilities, civil or military disorders, insurrection, strikes, lockouts, industrial disturbances, riots, terrorist incidents, fuel shortages not due to the negligence or lack of diligence by Lessee, judicial orders, litigation or legal actions, laws, orders, rules, regulations, governmental actions, policies or regulations which substantially restrict or inhibit Lessee's operations on the Leased Premises under this Lease, inability to obtain any license, permit or other authorization that may be required to conduct operations on the Leased Premises, acts of nature, or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from and not be held liable for, such failure to perform or comply. If Lessee is prevented from engaging in its operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is prevented from conducting such operations; provided that Lessee shall continue to make any Annual Minimum Payments and/or Production Royalty payments, as appropriate, during any force majeure period. Lessee shall promptly notify Lessor in writing of any event of force majeure after being affected thereby, describe the estimated extent of any delays

likely to result therefrom, and shall similarly so notify the Lessor upon cessation of the condition of force majeure.

(b) In the event of a delay caused by force majeure, Lessee shall exercise reasonable diligence to resume its operations pursuant to this Lease as soon as reasonably practicable.

(c) Lessee shall have the right to determine and settle any strike, lockout, or industrial disturbance in its sole discretion, and the aforesaid requirement of exercising reasonable diligence to resume operations shall not require Lessee to accede to any demand or position of any other party involved in such strike, lockout, or industrial dispute.

(d) If, at any time during the term of this Lease, including any extensions hereof, Lessee's operations are determined by Lessee to be uneconomic due to unavailability of a suitable market for the coal from the Leased Premises, prevailing costs of mining, processing or marketing with respect to prices available for coal from the Leased Premises, unavailability of equipment or competent labor, or imposition of governmental statutes, requirements or regulations making it impractical to carry out such operations, Lessee shall have the right, from time to time, to temporarily discontinue operations hereunder. In each such event, Lessee shall, within thirty (30) days of the expiration of each lease year in which such temporary discontinuance occurs, notify Lessor of the total period of each discontinuance during such year and shall continue to make the Annual Minimum Payments as provided herein.

(e) The existence of any event of force majeure shall not relieve Lessee of the obligation to make Annual Minimum Payments in accordance with Section 5 hereof.

SECTION 16. WAIVERS AND RELEASES, ETC.

No waiver, release, modification, or amendment of any of the terms, conditions, or provisions of this Lease shall be valid or relied upon by Lessor or Lessee, unless the same is in writing duly executed by Lessor and Lessee. The failure to exercise any right upon nonperformance shall not be construed as a waiver of the right to insist on subsequent performance of the terms and conditions hereof.

SECTION 17. CONTROLLING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. The parties submit to the exclusive personal jurisdiction of the courts of Colorado, in respect of any matter or thing arising out of this Lease or pursuant thereto.

SECTION 18. NOTICES

Until written notice of a different address, all notices which are anywhere in this Lease provided to be given shall be effective upon receipt and shall be served upon or mailed to:

As to Lessor: The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn
 aka Joan N. Dunn, c/o Bill Scott Dunn as Personal Representative
 3207 N. El Dorado
 Chandler, AZ 85224

As to Lessee: GCC Energy, LLC
P.O. Box 2827
Durango, CO 81302

Notices may also be served via facsimile transmission, provided that the sender has written confirmation that the transmission was successful.

SECTION 19. SUCCESSORS AND ASSIGNS

All covenants, agreements, and conditions herein set forth to be performed by or on behalf of Lessor or Lessee shall bind their respective successors and assigns, whether so expressed or not, and shall inure to the benefit not only of Lessor and Lessee, but also the benefit of their respective successors and assigns; but this Section 20 shall not be construed as in anywise modifying the provisions of Section 13 hereof.

SECTION 20. RECLAMATION

Lessee agrees to perform reclamation activities required under the terms of its permit, the Colorado Mined Land Reclamation Act, the Colorado Surface Coal Mining Reclamation Act, and other applicable local, state or federal laws. The foregoing shall not be construed to confer standing upon Lessor that would not ordinarily be available by provisions of the applicable laws.

SECTION 21. MISCELLANEOUS.

Unless expressly provided for elsewhere in this Lease, this Lease shall be interpreted in accordance with the following provisions:

- (a) Whenever the context may require, any pronoun used in this Lease shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.
- (b) If a word or phrase is defined, its other grammatical forms shall have a corresponding meaning.
- (c) A reference to a person, corporation, trust, estate, partnership, or other entity shall include any of them.
- (d) The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.
- (e) A reference to legislation or to a provision of legislation includes a modification or reenactment of it, a legislative provision substituted for it, and a regulation or statutory instrument issued under it.
- (f) A reference to a writing includes a facsimile transmission of it and any means of reproducing of its words in a tangible and permanently visible form.
- (g) The words "hereof," "herein," "hereunder," and words of similar import, when used in this Lease, shall refer to this Lease as a whole and not to any particular provision of this Lease, and

article, section, subsection, schedule and exhibit references are to this Lease unless otherwise specified.

(h) The word "including" shall mean including without limitation.

(i) Exhibit A identified in this Lease is incorporated herein by reference and made a part of this Lease.

(j) The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Lease.

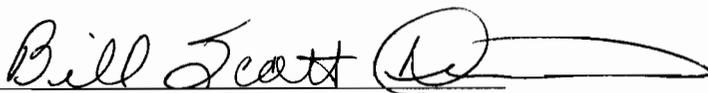
(k) Lessor and Lessee agree to execute and record a short-form or memorandum of lease for the purpose of providing record notice of this Lease. Such memorandum shall be in lieu of recording this lease instrument and both parties agree that this lease shall not be recorded under any circumstances.

(l) This Lease may be executed in counterparts and shall be binding upon the parties executing a counterpart hereof, whether or not other owners of interests in the Lease Premises have not entered into this lease.

IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their respective representatives thereunto duly authorized, all as of the day and year first above written.

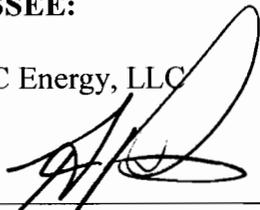
LESSOR:

The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn

By: 
Bill Scott Dunn, Personal Representative

LESSEE:

GCC Energy, LLC

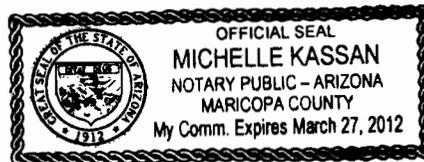

By: Trent Peterson, Vice President

STATE OF ARIZONA)
) SS:
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 1ST day of SEPTEMBER 2009, by Bill Scott Dunn as Personal Representative of The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn, personally known to me.

WITNESS my hand and official seal.

My commission expires: 3/27/2012
Michelle Kassan
Notary Public



STATE OF COLORADO)
) SS:
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 15th day of September, 2009, by Trent Peterson, as Vice President of GCC Energy, LLC, on behalf of said Limited Liability Company.

WITNESS my hand and official seal.

My commission expires: 12/15/12
T. R. D
Notary Public



EXHIBIT A
To
COAL MINING LEASE

Dated this 27th day of August, 2009 ("Execution Date"), by and between The Estate of Joan Dunn aka Nancy Joan Dunn aka N. Joan Dunn aka Joan N. Dunn ("Lessor"), whose address is c/o Bill Scott Dunn, Personal Representative, 3207 N. El Dorado, Chandler, AZ 85224, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: E1/2SW1/4

Containing 80 acres, more or less

COAL MINING LEASE

THIS COAL MINING LEASE ("Lease") dated this 1st day of September, 2009 ("Execution Date"), by and between Gary L. Stephens ("Lessor"), whose address is 3660 N. Lake Shore Drive #3705, Chicago, IL, 60613-5300, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

SECTION 1. EXCLUSIVE LEASE

In consideration of the terms, conditions, and stipulations set forth to be performed and observed by Lessee, Lessor, acting on its own behalf and with the intention of exercising any right, option or power held by it on behalf of any other person or entity, does, to the extent that Lessor now or hereafter owns or controls same, hereby demise, lease and let to Lessee, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal, Third-Party Coal (as hereinafter defined), including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law.

"Third-Party Coal," as used in this Lease, shall mean any coal mined from any lands other than the Leased Premises.

Subject to the provisions and limitations contained above, Lessee shall have the right to mine the Leased Coal by underground mining methods, including room and pillar, continuous miner, and longwall mining methods, or such other underground mining methods as may be deemed appropriate by Lessee.

Subject to the above limitations, Lessee is hereby granted the right to transport Third-Party Coal through, across or under the Leased Premises, and men, materials, timber, supplies and equipment in connection with mining on, in, or from the Leased Premises or any other lands.

SECTION 2. TERM

The primary term of this Lease shall be for a period of five (5) years from the Effective Date set forth below, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as hereinafter provided. In the event all the mineable and merchantable coal underlying the Leased Premises shall have been mined and removed from the Leased Premises pursuant to the provisions of this Lease and mining operations by Lessee have ceased upon the Leased Premises, then, this Lease shall cease and terminate upon the date when all such coal shall have been mined and removed and such mining operations have ceased. **The indemnification provisions in Section 10 shall survive the termination of this lease.**

As used in this Lease, "mineable and merchantable coal" shall mean coal that can be mined and delivered to market at a reasonable profit to Lessee, using the in-place mining methods and equipment, when reached in the ordinary course of Lessee's operations.

Notwithstanding anything herein to the contrary, the term of this Lease may be extended beyond such date by Lessee to the extent reasonably required by Lessee to continue the operation of any facilities that are useful for the handling or processing of any Third-Party Coal, provided that Lessee shall pay Lessor Haulage Payments as provided in Section 7 of this agreement. Lessee shall also have the right to enter in and upon the Leased Premises after the termination or forfeiture of this Lease, without rental, (i) for the purpose of removing all of Lessee's structures, machinery, equipment and other property from any part of the Leased Premises following the termination of this Lease in accordance with Section 14 hereof and (ii) for the purpose of conducting reclamation activities on the Leased Premises or on any other lands and complying with applicable law, provided that if Lessee exercises its rights pursuant to this sentence, the provisions of Section 9 shall apply during said time.

The Effective Date of this lease shall be the date at which Lessee has secured leases from the owners of 100% of the minerals underlying the Leased Premises. Upon the execution date of this lease, and on every January 1st thereafter until the Effective Date, Lessee agrees to pay \$250 annually in delay rentals for the purpose of obtaining permits and leases from all third parties necessary to lease 100% of the coal interests under the Leased Premises. In no event shall Lessee be obligated to pay any other royalty described in this lease, nor shall Lessee be obligated to commence mining operations until, in Lessee's discretion, Lessee has obtained the necessary governmental permits and has secured leases that would allow it to commence legal mining operations. If, after five (5) calendar years from the Execution Date of this lease, all such leases have not been secured, either Lessor or Lessee may terminate this lease with no further payments due Lessor.

SECTION 3. WARRANTY

Lessor represents and makes the following special warranties and shall defend the Leased Premises against any person claiming the whole or part thereof, by, through, or under the Lessor:

Lessor represents and warrants to Lessee: that Lessor owns an undivided Twelve and one half percent (12.5%) of the mineral interest (to expressly include coal) in and to the Leased Premises; that Lessor's interest in the Leased Premises is free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessor has the full and exclusive right and power to lease the Leased Premises to Lessee under the terms and provisions of this Lease and to grant the rights granted to Lessee hereunder; and that the Leased Premises are not subject to any agreements contrary to the provisions of this Lease. Lessor also agrees to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged. In the event Lessor is either unable or unwilling to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged, then, Lessee, at its option, may defend the title to the Leased Premises and to the rights granted to Lessee herein and thereafter deduct the cost of such defense from any Royalty payment due Lessor until fully recouped.

The foregoing provisions in this Section 3 are to constitute a Special Warranty by Lessor as to title defects or encumbrances arising by, through, or under the Lessor. Lessor makes no warranty or representation as to title defects or encumbrances arising by or through Lessor's predecessors in interest of the Leased Premises.

SECTION 4. LESSER INTEREST

In the event Lessor owns less than the entire fee simple estate in and to the Leased Coal, whether or not such lesser interest is specified herein, all payments of Minimum Annual Royalties, Production Royalties, Haulage Payments, and Minimum Annual Haulage Payments as provided in Section 7, provided for herein, shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the Leased Coal. Delay rentals as provided in Section 2, shall not be subject to percentage reduction by the foregoing Lesser Interest clause.

SECTION 5. MINIMUM ANNUAL ROYALTY

Upon the Effective Date of this Lease, Lessee shall pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00) for the first lease year. Beginning on January 1, in the year after the Effective Date year, and on each succeeding January 1 during the term of this Lease, Lessee shall also pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00). Each payment shall be made in advance, on the first day of January of each Lease year. Each payment shall hereinafter be referred to as an "Annual Minimum Royalty Payment." Lessee shall have the right to recoup an Annual Minimum Royalty Payment during the same calendar year following the payment, by deducting the amount of such payment from the Production Royalty payments due during the calendar year. If at any time during the term of this Lease, in the opinion of Lessor's engineer or an independent professional engineer mutually acceptable to Lessor and Lessee, upon the request of Lessee, the amount of mineable and merchantable Leased Coal is not sufficient to recoup Minimum Annual Royalties payable to all Lessors of the Leased Premises during a calendar year, then this lease shall terminate under the provisions of Section 2, and the obligation to pay Minimum Annual Royalty shall immediately cease.

SECTION 6. PRODUCTION ROYALTY

During the term of this Lease, Lessee shall pay to Lessor, at the address set forth in Section 18 hereto, or at such other places as Lessor may from time to time designate in writing, a Production Royalty in an amount equal to eight percent (8%) of the gross selling price per ton for the coal mined and sold from the Leased Premises during each calendar month during the term hereof, to be forwarded to Lessor within thirty (30) days from the end of the month to which payment applies.

"Coal" is defined as, without limitation, any and all grades, types, and seams of coal, lignite and the substances contained therein or associated therewith, ~~including coal bed methane in any coal seam encountered by Lessee.~~ The term "ton" referred to herein shall mean 2,000 pounds. GLS
GLS
P

Subject to the qualification hereinafter stated in this paragraph, "gross selling price" of coal shall, for all purposes under this Lease, be the amount received by Lessee, upon sale thereof, to an unaffiliated third-party purchaser, f.o.b. at the contractual point at which the Leased Coal mined hereunder is sold to such unaffiliated third-party purchaser, without any deduction for selling expenses, sales commissions, or costs incurred for crushing and screening, but with proper deduction for transportation costs incurred in the instances where the f.o.b. contractual point is different than the mine loading point. If Lessee shall consume any of the Leased Coal, or if the Leased Coal is sold to an affiliate of Lessee, the price of the Leased Coal shall not be less than (i)

the average gross selling price of Leased Coal of comparable quality as is then being sold by Lessee to unaffiliated third-party purchasers, or (ii) if there are no unaffiliated third-party purchasers, the average gross selling price of comparable coal in the open market, adjusted as necessary to establish comparability.

Lessee shall forward to Lessor, on or before the 30th day of each calendar month, a report (i) of revenues for Leased Coal sold from inventory and (ii) of weights of Leased Coal consumed, if any, by Lessee, on a first in, first out basis during the preceding calendar month. Lessee shall keep accurate and correct books of account showing all coal mined, and all coal consumed on, transported, or shipped from the Leased Premises or elsewhere, together with the correct weights and gross selling price thereof, to which books and records Lessor shall at all reasonable times and with reasonable notice have access for verification of statements to be furnished by Lessee for a period of two (2) years from the date of payment.

In the event it shall be necessary or reasonably convenient in mining the Leased Coal to load the same over a tippie or tipples over which other coal is loaded, thereby mixing the Leased Coal with other coal, Lessee shall keep an account of the tonnage of Leased Coal, as well as an account of the tonnage of other coal being loaded over the same tippie or tipples.

If the Leased Coal is mined, processed, stored, and sold separately from all other coals, then, the gross selling price shall be the price received for the Leased Coal as and when sold. In the event that Leased Coal is commingled with other Third-Party coal, then, the gross selling price, as set forth in this Section 6, shall be the gross selling price received for all coal with which such Leased Coal is commingled. Leased Coal shall only be commingled with other coal that is of a quality that may satisfy the same or a similar market.

SECTION 7. HAULAGE PAYMENT

During the Term of this lease as described in Section 2, Lessee agrees to pay FIVE CENTS (\$0.05) for every ton of merchantable Third Party Coal removed and transported through the Leased Premises ("Haulage Payment"). No Haulage Payment shall apply to coal mined from the Leased Premises for which a Production Royalty is paid.

Lessee shall report and pay the Haulage Payment to Lessor in the same manner and time prescribed for reporting of Production Royalties.

If the Term of the lease expires as described in Section 2, but is extended for the purposes of transporting Third Party Coal through the Leased Premises as described in Section 2, then a Minimum Annual Haulage Payment shall be payable as follows. Upon the first transport of Third Party Coal through the Leased Premises after the lease primary term expires or the lease is no longer held by production, and then upon each succeeding January 1 thereafter until the cessation of Third Party Coal transport through the Leased Premises, Lessee shall pay an annual Minimum Annual Haulage Payment of \$1000.00. Lessee shall have the right to recoup an Minimum Annual Haulage Payment during the same calendar year following the payment of same, by deducting the amount of such payment from the Haulage Payments due during the calendar year, so long as this Lease is extended by the transport of Third Party Coal through the Leased Premises.

SECTION 8. TAXES

Lessor will pay all the taxes, levies, and assessments on or in respect of Lessor's ownership of the Leased Premises during the continuance of this Lease. Lessee shall pay any and all taxes due to the State and/or its subdivision for severing, removing, processing, or preparing of said coal, except for taxes on gross or net income of Lessor on receipt of royalties. If Lessor fails to pay the taxes, levies, and assessments set forth above or if there are any taxes or encumbrances due on the Leased Premises, then, Lessee may pay the same and any penalties, or redeem the Leased Premises from a tax sale, and deduct the amount expended due to Lessor's failure to timely pay any taxes, levies and assessments, from any Minimum Annual Royalty or Production Royalty subsequently accruing.

Lessee may, at any time during the continuance of this Lease, at its own cost and expense, and after reasonable notice to Lessor of its intention so to do, contest any of the taxes, levies, or assessments as above provided. In the event of any such contest, Lessee is authorized to proceed in the name of Lessor with respect to the interest of Lessor in the Leased Premises, but Lessee shall indemnify Lessor against any costs, penalties, expenses, or interest charges arising out of such contest.

SECTION 9. METHOD OF OPERATION

Lessee covenants and agrees that when it commences operation in any of the seams leased herein, Lessee will thereafter conduct its operations as a prudent operator and in a careful, skillful, and workmanlike manner, and in compliance with the laws of the State of Colorado and of the United States, and also according to good mining practices and with due regard for the value of the Leased Premises. Minimum Annual Royalty paid hereunder shall be in lieu of any implied covenant of diligent development.

Lessee shall be responsible for complying with all laws and governmental regulations, including environmental laws and regulations, related to or controlling mining and related operations by Lessee, its sublessees and contractors, on the Leased Premises, which responsibility shall survive termination of this Lease. If Lessee violates, or is claimed to have violated, laws or governmental regulations, then, Lessee shall indemnify Lessor and hold Lessor harmless from any penalties, fines, costs, and expenses, including reasonable legal fees and court costs, imposed upon or incurred by Lessor as a result of said claim, violation or violations.

Notwithstanding Lessee's obligation to comply with all laws, rules, regulations and orders as set forth above, Lessor shall not declare a default hereunder solely as a result of one or more operational violations which Lessee cures or abates as promptly as practical. Lessee shall be solely responsible for treatment of any water discharge caused by its operations, if required by present or future law or regulation, which responsibility shall survive termination of this Lease. Lessor shall consent to Lessee's election of post-mining land uses (including post-mining retention of roads and ponds in place to the extent allowed by applicable law) and shall execute all consents, waivers and authorizations reasonably requested by Lessee with respect thereto.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying any and all laboratory analyses made of coal mined from the Leased Premises.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying, at all reasonable times and upon reasonable notice, any and all Lessee's correspondence with

government agencies or departments which pertain to the Leased Premises, or to operations undertaken or to be undertaken thereon.

Lessor shall maintain all records furnished or made available pursuant hereto in confidence.

Notwithstanding anything in this Lease to the contrary, Lessee shall be entitled to enter into contract mining agreements and subleases with any mining contractor or sublessee, without Lessor's consent, for mining of the Leased Coal, upon terms and conditions chosen by the Lessee; provided that the Lessee shall remain obligated to the Lessor for compliance with all the terms and conditions of this Lease.

SECTION 10. INDEMNIFICATION AND INSURANCE

Lessee covenants and agrees to indemnify, save harmless, and defend Lessor from and against (a) any and all claims, demands, damage to person or property, actions or causes of action by or on behalf of any person, firm, corporation or governmental body for damages, injuries, deaths, penalties, fines, assessments or otherwise caused by, arising out of, resulting from or as a consequence of, in whole or in part, (i) any acts or omissions of Lessee, its officers, directors, employees, sublessees, contractors, subcontractors, licensees, invitees, engineers, agents, successors, assigns or parent or affiliated corporations or any other persons or entities acting by direct or indirect authority of Lessee, or pursuant to any rights granted in this Lease or (ii) the use and enjoyment of the Leased Premises pursuant to this Lease, and (b) any and all costs, counsel fees, expenses and liabilities reasonably incurred in or about any such claim or action brought thereon. Notwithstanding anything herein to the contrary, Lessee shall not be liable for special, consequential or punitive damages incurred by Lessor, but as between Lessor and Lessee, Lessee shall be liable for special, consequential or punitive damages incurred by unaffiliated third-parties as a result of Lessee's actions on the Leased Premises. **The indemnification described herein shall survive beyond the expiration or termination of this Lease.**

During the term of this Lease, Lessee shall carry, and shall require any sublessees or contractors to carry, with a limit of \$1 million per person and \$2 million per occurrence, general liability, including contractual liability, insurance. Such insurance shall be written on an "occurrence" basis unless the policy is available only on a "claims made" basis, in which case such "claims made" insurance coverage shall be maintained in effect for a period of at least five (5) years after the termination of this Lease, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever shall last occur.

SECTION 11. REMEDIES OF LESSOR

All payments hereunder required to be made by Lessee to Lessor shall be deemed and considered as rent reserved upon contract, and all remedies now or hereafter given by the laws of the State of Colorado for the collection of rent and/or recovery of possession are reserved to Lessor in respect of the sums so payable, and a lien is hereby reserved upon this Lease and the leasehold estate hereby created, to secure the payment of any and all sums.

If default be made by Lessee in the payment of the royalties herein reserved, or in the performance of any of the other terms or conditions hereof required to be kept or performed by Lessee, and such default shall continue for a period of thirty (30) days with respect to the payment of royalties, or sixty (60) days with respect to performance of any of the other terms or conditions,

after written notification thereof has been received by Lessee, then, in such event and as often as the same occurs, Lessor may, at its option, terminate this Lease without any further notice and re-enter upon and take possession of the Leased Premises and hold and possess the same as its absolute property free and clear of any claims of, by, or through Lessee, and pursue any and all other remedies available under the laws of the State of Colorado for violation of any covenant or condition hereof, and all such remedies shall be deemed cumulative and not exclusive. Notwithstanding the foregoing, should Lessor assert a default with respect to the payment of royalties, Lessee shall have the right to challenge that assertion within the prescribed thirty (30)-day period and to withhold the payment asserted to be in default pending resolution as to the validity of Lessor's asserted default in the payment of royalties. Notwithstanding the foregoing, should physical conditions on the Leased Premises prohibit cure of any default by Lessee within respect to the performance of any other terms or conditions within the prescribed sixty (60)-day period, then, Lessee shall be required to have diligently and in good faith commenced curative measures and shall within the sixty (60) days of notice of default advise Lessor in detail in writing as to what physical conditions are prohibiting completion of such cure and setting forth a timetable for such cure. Such notice by Lessee to Lessor shall toll the sixty (60)-day curative time until physical conditions permit completion of curative work in a diligent, good faith fashion. No action by Lessor pursuant to this Section 11 shall impair the right to royalties due or accrued up to the time of termination and re-entry hereunder, but none shall be charged for any period thereafter.

SECTION 12. ASSIGNMENT

Except by operation of law, or as expressly permitted in this Lease, Lessee covenants and agrees that it will not sell, assign, mortgage, pledge or otherwise transfer or encumber (collectively "transfer") this Lease or any rights, interests or estates created by this Lease or all or any portion of the Leased Premises, without having first obtained the written consent of Lessor (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment, without obtaining and presenting to Lessor a covenant of assumption by the assignee, wherein such assignee expressly agrees to and with Lessor to assume and be bound by all of the covenants, terms, conditions and provisions hereof to the same extent as if said assignee had been named as the original Lessee. Any transfer of this Lease or any portion thereof to an entity affiliated with Lessee or any sublease of any portion of the Leased Premises shall not relieve Lessee from its obligations to comply with all the covenants, terms, conditions and provisions of this Lease, and to assure that the said assignee or sublessee complies with the covenants, terms, conditions and provisions of this Lease, unless otherwise agreed in writing by Lessor. In the event Lessor consents to any transfer, such consent shall not relieve Lessee and/or any transferee, from securing Lessor's written consent to any further transfer, nor shall any such consent be construed as a consent to any further transfer or as a waiver of any portion of this section or of Lessor's rights hereunder.

SECTION 13. TERMINATION

Lessee may at any time execute and deliver to Lessor a release covering all of the Leased Premises, and thereby terminate this Lease. If this Lease expires or is terminated as to all of the Leased Premises, Lessee shall not be required to pay any Annual Minimum Payments accruing after the effective date of expiration or termination; provided that Lessee shall be fully responsible for all obligations accruing prior to the effective date of the expiration or termination of this Lease. Upon expiration or termination of this Lease, excepts as otherwise provided for in Section 2 above,

Lessee shall peaceably surrender the Leased Premises to Lessor, free and clear of all liens and encumbrances made or allowed by Lessee or in any way arising out of this Lease or Lessee's use of the Leased Premises.

SECTION 14. REMOVAL OF PROPERTY

Lessee, having performed all the terms and conditions of this Lease to be performed by it, may, for a period of twelve (12) months following termination or expiration, remove any and all equipment and personal property owned by Lessee. If the Lessee shall fail to remove any of the equipment and personal property described above within said twelve (12) months, then, the same shall thereupon be and become the absolute property of Lessor. If Lessor becomes obligated to remove equipment or property not removed by Lessee, then Lessee shall reimburse Lessor for the costs incurred by Lessee, including damages and attorney fees, by Lessee's failure to remove such property.

SECTION 15. FORCE MAJEURE

Except for the payment of monetary obligations by Lessee to Lessor, the failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be grounds for cancellation or termination or forfeiture hereof, during such time(s) and in accordance with the following:

(a) If such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides, unusual mining casualty, damage to or destruction of operating facilities, civil or military disorders, insurrection, strikes, lockouts, industrial disturbances, riots, terrorist incidents, fuel shortages not due to the negligence or lack of diligence by Lessee, judicial orders, litigation or legal actions, laws, orders, rules, regulations, governmental actions, policies or regulations which substantially restrict or inhibit Lessee's operations on the Leased Premises under this Lease, inability to obtain any license, permit or other authorization that may be required to conduct operations on the Leased Premises, acts of nature, or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from and not be held liable for, such failure to perform or comply. If Lessee is prevented from engaging in its operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is prevented from conducting such operations; provided that Lessee shall continue to make any Annual Minimum Payments and/or Production Royalty payments, as appropriate, during any force majeure period. Lessee shall promptly notify Lessor in writing of any event of force majeure after being affected thereby, describe the estimated extent of any delays likely to result therefrom, and shall similarly so notify the Lessor upon cessation of the condition of force majeure.

(b) In the event of a delay caused by force majeure, Lessee shall exercise reasonable diligence to resume its operations pursuant to this Lease as soon as reasonably practicable.

(c) Lessee shall have the right to determine and settle any strike, lockout, or industrial disturbance in its sole discretion, and the aforesaid requirement of exercising reasonable diligence to resume operations shall not require Lessee to accede to any demand or position of any other party involved in such strike, lockout, or industrial dispute.

(d) If, at any time during the term of this Lease, including any extensions hereof, Lessee's operations are determined by Lessee to be uneconomic due to unavailability of a suitable market for the coal from the Leased Premises, prevailing costs of mining, processing or marketing with respect to prices available for coal from the Leased Premises, unavailability of equipment or competent labor, or imposition of governmental statutes, requirements or regulations making it impractical to carry out such operations, Lessee shall have the right, from time to time, to temporarily discontinue operations hereunder. In each such event, Lessee shall, within thirty (30) days of the expiration of each lease year in which such temporary discontinuance occurs, notify Lessor of the total period of each discontinuance during such year and shall continue to make the Annual Minimum Payments as provided herein.

(e) The existence of any event of force majeure shall not relieve Lessee of the obligation to make Annual Minimum Payments in accordance with Section 5 hereof.

SECTION 16. WAIVERS AND RELEASES, ETC.

No waiver, release, modification, or amendment of any of the terms, conditions, or provisions of this Lease shall be valid or relied upon by Lessor or Lessee, unless the same is in writing duly executed by Lessor and Lessee. The failure to exercise any right upon nonperformance shall not be construed as a waiver of the right to insist on subsequent performance of the terms and conditions hereof.

SECTION 17. CONTROLLING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. The parties submit to the exclusive personal jurisdiction of the courts of Colorado, in respect of any matter or thing arising out of this Lease or pursuant thereto.

SECTION 18. NOTICES

Until written notice of a different address, all notices which are anywhere in this Lease provided to be given shall be effective upon receipt and shall be served upon or mailed to:

As to Lessor: Gary L. Stephens
3660 N. Lake Shore Drive
Chicago, IL, 60613-5300

As to Lessee: GCC Energy, LLC
P.O. Box 2827
Durango, CO 81302

Notices may also be served via facsimile transmission, provided that the sender has written confirmation that the transmission was successful.

SECTION 19. SUCCESSORS AND ASSIGNS

All covenants, agreements, and conditions herein set forth to be performed by or on behalf of Lessor or Lessee shall bind their respective successors and assigns, whether so expressed or not, and shall inure to the benefit not only of Lessor and Lessee, but also the benefit of their respective successors and assigns; but this Section 19 shall not be construed as in anywise modifying the provisions of Section 12 hereof.

SECTION 20. RECLAMATION

Lessee agrees to perform reclamation activities required under the terms of its permit, the Colorado Mined Land Reclamation Act, the Colorado Surface Coal Mining Reclamation Act, and other applicable local, state or federal laws. The foregoing shall not be construed to confer standing upon Lessor that would not ordinarily be available by provisions of the applicable laws.

SECTION 21. MISCELLANEOUS.

Unless expressly provided for elsewhere in this Lease, this Lease shall be interpreted in accordance with the following provisions:

- (a) Whenever the context may require, any pronoun used in this Lease shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.
- (b) If a word or phrase is defined, its other grammatical forms shall have a corresponding meaning.
- (c) A reference to a person, corporation, trust, estate, partnership, or other entity shall include any of them.
- (d) The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.
- (e) A reference to legislation or to a provision of legislation includes a modification or reenactment of it, a legislative provision substituted for it, and a regulation or statutory instrument issued under it.
- (f) A reference to a writing includes a facsimile transmission of it and any means of reproducing of its words in a tangible and permanently visible form.
- (g) The words "hereof," "herein," "hereunder," and words of similar import, when used in this Lease, shall refer to this Lease as a whole and not to any particular provision of this Lease, and article, section, subsection, schedule and exhibit references are to this Lease unless otherwise specified.
- (h) The word "including" shall mean including without limitation.
- (i) Exhibit A identified in this Lease is incorporated herein by reference and made a part of this Lease.
- (j) The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease shall be construed as if

drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Lease.

(k) Lessor and Lessee agree to execute and record a short-form or memorandum of lease for the purpose of providing record notice of this Lease. Such memorandum shall be in lieu of recording this lease instrument and both parties agree that this lease shall not be recorded under any circumstances.

(l) This Lease may be executed in counterparts and shall be binding upon the parties executing a counterpart hereof, whether or not other owners of interests in the Lease Premises have not entered into this lease.

IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their respective representatives thereunto duly authorized, all as of the day and year first above written.

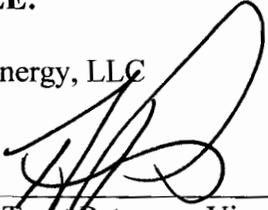
LESSOR:



Gary L. Stephens

LESSEE:

GCC Energy, LLC



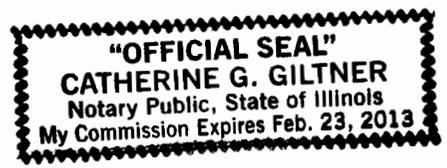
By: Trent Peterson, Vice President

STATE OF Illinois)
COUNTY OF Cook) SS:

The foregoing instrument was acknowledged before me this 21st day of September, 2009, by Gary L. Stephens, personally known to me.

WITNESS my hand and official seal.

My commission expires: 2/23/13
Catherine G. Giltner
Notary Public



STATE OF COLORADO)
COUNTY OF LA PLATA) SS:

The foregoing instrument was acknowledged before me this 21st day of September, 2009, by Trent Peterson, as Vice President of GCC Energy, LLC, on behalf of said Limited Liability Company..

WITNESS my hand and official seal.

My commission expires: 12/15/2012
Trena R. Dickensch
Notary Public



EXHIBIT A
To
COAL MINING LEASE

Dated this 1st day of September, 2009 ("Execution Date"), by and between Gary L. Stephens ("Lessor"), whose address is 3660 N. Lake Shore Drive #3705, Chicago, IL, 60613-5300, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: SW1/4NE1/4, NW1/4SE1/4

Containing 80 acres, more or less

COAL MINING LEASE

THIS COAL MINING LEASE ("Lease") dated this 1st day of September, 2009 ("Execution Date"), by and between Gary L. Stephens ("Lessor"), whose address is 3660 N. Lake Shore Drive #3705, Chicago, IL, 60613-5300, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

SECTION 1. EXCLUSIVE LEASE

In consideration of the terms, conditions, and stipulations set forth to be performed and observed by Lessee, Lessor, acting on its own behalf and with the intention of exercising any right, option or power held by it on behalf of any other person or entity, does, to the extent that Lessor now or hereafter owns or controls same, hereby demise, lease and let to Lessee, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal, Third-Party Coal (as hereinafter defined), including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law.

"Third-Party Coal," as used in this Lease, shall mean any coal mined from any lands other than the Leased Premises.

Subject to the provisions and limitations contained above, Lessee shall have the right to mine the Leased Coal by underground mining methods, including room and pillar, continuous miner, and longwall mining methods, or such other underground mining methods as may be deemed appropriate by Lessee.

Subject to the above limitations, Lessee is hereby granted the right to transport Third-Party Coal through, across or under the Leased Premises, and men, materials, timber, supplies and equipment in connection with mining on, in, or from the Leased Premises or any other lands.

SECTION 2. TERM

The primary term of this Lease shall be for a period of five (5) years from the Effective Date set forth below, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as hereinafter provided. In the event all the mineable and merchantable coal underlying the Leased Premises shall have been mined and removed from the Leased Premises pursuant to the provisions of this Lease and mining operations by Lessee have ceased upon the Leased Premises, then, this Lease shall cease and terminate upon the date when all such coal shall have been mined and removed and such mining operations have ceased. **The indemnification provisions in Section 10 shall survive the termination of this lease.**

As used in this Lease, "mineable and merchantable coal" shall mean coal that can be mined and delivered to market at a reasonable profit to Lessee, using the in-place mining methods and equipment, when reached in the ordinary course of Lessee's operations.

Notwithstanding anything herein to the contrary, the term of this Lease may be extended beyond such date by Lessee to the extent reasonably required by Lessee to continue the operation of any facilities that are useful for the handling or processing of any Third-Party Coal, provided that Lessee shall pay Lessor Haulage Payments as provided in Section 7 of this agreement. Lessee shall also have the right to enter in and upon the Leased Premises after the termination or forfeiture of this Lease, without rental, (i) for the purpose of removing all of Lessee's structures, machinery, equipment and other property from any part of the Leased Premises following the termination of this Lease in accordance with Section 14 hereof and (ii) for the purpose of conducting reclamation activities on the Leased Premises or on any other lands and complying with applicable law, provided that if Lessee exercises its rights pursuant to this sentence, the provisions of Section 9 shall apply during said time.

The Effective Date of this lease shall be the date at which Lessee has secured leases from the owners of 100% of the minerals underlying the Leased Premises. Upon the execution date of this lease, and on every January 1st thereafter until the Effective Date, Lessee agrees to pay \$250 annually in delay rentals for the purpose of obtaining permits and leases from all third parties necessary to lease 100% of the coal interests under the Leased Premises. In no event shall Lessee be obligated to pay any other royalty described in this lease, nor shall Lessee be obligated to commence mining operations until, in Lessee's discretion, Lessee has obtained the necessary governmental permits and has secured leases that would allow it to commence legal mining operations. If, after five (5) calendar years from the Execution Date of this lease, all such leases have not been secured, either Lessor or Lessee may terminate this lease with no further payments due Lessor.

SECTION 3. WARRANTY

Lessor represents and makes the following special warranties and shall defend the Leased Premises against any person claiming the whole or part thereof, by, through, or under the Lessor:

Lessor represents and warrants to Lessee: that Lessor owns an undivided Twelve and one half percent (12.5%) of the mineral interest (to expressly include coal) in and to the Leased Premises; that Lessor's interest in the Leased Premises is free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessor has the full and exclusive right and power to lease the Leased Premises to Lessee under the terms and provisions of this Lease and to grant the rights granted to Lessee hereunder; and that the Leased Premises are not subject to any agreements contrary to the provisions of this Lease. Lessor also agrees to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged. In the event Lessor is either unable or unwilling to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged, then, Lessee, at its option, may defend the title to the Leased Premises and to the rights granted to Lessee herein and thereafter deduct the cost of such defense from any Royalty payment due Lessor until fully recouped.

The foregoing provisions in this Section 3 are to constitute a Special Warranty by Lessor as to title defects or encumbrances arising by, through, or under the Lessor. Lessor makes no warranty or representation as to title defects or encumbrances arising by or through Lessor's predecessors in interest of the Leased Premises.

SECTION 4. LESSER INTEREST

In the event Lessor owns less than the entire fee simple estate in and to the Leased Coal, whether or not such lesser interest is specified herein, all payments of Minimum Annual Royalties, Production Royalties, Haulage Payments, and Minimum Annual Haulage Payments as provided in Section 7, provided for herein, shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the Leased Coal. Delay rentals as provided in Section 2, shall not be subject to percentage reduction by the foregoing Lesser Interest clause.

SECTION 5. MINIMUM ANNUAL ROYALTY

Upon the Effective Date of this Lease, Lessee shall pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00) for the first lease year. Beginning on January 1, in the year after the Effective Date year, and on each succeeding January 1 during the term of this Lease, Lessee shall also pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00). Each payment shall be made in advance, on the first day of January of each Lease year. Each payment shall hereinafter be referred to as an "Annual Minimum Royalty Payment." Lessee shall have the right to recoup an Annual Minimum Royalty Payment during the same calendar year following the payment, by deducting the amount of such payment from the Production Royalty payments due during the calendar year. If at any time during the term of this Lease, in the opinion of Lessor's engineer or an independent professional engineer mutually acceptable to Lessor and Lessee, upon the request of Lessee, the amount of mineable and merchantable Leased Coal is not sufficient to recoup Minimum Annual Royalties payable to all Lessors of the Leased Premises during a calendar year, then this lease shall terminate under the provisions of Section 2, and the obligation to pay Minimum Annual Royalty shall immediately cease.

SECTION 6. PRODUCTION ROYALTY

During the term of this Lease, Lessee shall pay to Lessor, at the address set forth in Section 18 hereto, or at such other places as Lessor may from time to time designate in writing, a Production Royalty in an amount equal to eight percent (8%) of the gross selling price per ton for the coal mined and sold from the Leased Premises during each calendar month during the term hereof, to be forwarded to Lessor within thirty (30) days from the end of the month to which payment applies.

"Coal" is defined as, without limitation, any and all grades, types, and seams of coal, lignite and the substances contained therein or associated therewith, ~~including coal bed methane in any coal seam encountered by Lessee.~~ The term "ton" referred to herein shall mean 2,000 pounds. GLS

Subject to the qualification hereinafter stated in this paragraph, "gross selling price" of coal shall, for all purposes under this Lease, be the amount received by Lessee, upon sale thereof, to an unaffiliated third-party purchaser, f.o.b. at the contractual point at which the Leased Coal mined hereunder is sold to such unaffiliated third-party purchaser, without any deduction for selling expenses, sales commissions, or costs incurred for crushing and screening, but with proper deduction for transportation costs incurred in the instances where the f.o.b. contractual point is different than the mine loading point. If Lessee shall consume any of the Leased Coal, or if the Leased Coal is sold to an affiliate of Lessee, the price of the Leased Coal shall not be less than (i) GLS

the average gross selling price of Leased Coal of comparable quality as is then being sold by Lessee to unaffiliated third-party purchasers, or (ii) if there are no unaffiliated third-party purchasers, the average gross selling price of comparable coal in the open market, adjusted as necessary to establish comparability.

Lessee shall forward to Lessor, on or before the 30th day of each calendar month, a report (i) of revenues for Leased Coal sold from inventory and (ii) of weights of Leased Coal consumed, if any, by Lessee, on a first in, first out basis during the preceding calendar month. Lessee shall keep accurate and correct books of account showing all coal mined, and all coal consumed on, transported, or shipped from the Leased Premises or elsewhere, together with the correct weights and gross selling price thereof, to which books and records Lessor shall at all reasonable times and with reasonable notice have access for verification of statements to be furnished by Lessee for a period of two (2) years from the date of payment.

In the event it shall be necessary or reasonably convenient in mining the Leased Coal to load the same over a tipple or tipples over which other coal is loaded, thereby mixing the Leased Coal with other coal, Lessee shall keep an account of the tonnage of Leased Coal, as well as an account of the tonnage of other coal being loaded over the same tipple or tipples.

If the Leased Coal is mined, processed, stored, and sold separately from all other coals, then, the gross selling price shall be the price received for the Leased Coal as and when sold. In the event that Leased Coal is commingled with other Third-Party coal, then, the gross selling price, as set forth in this Section 6, shall be the gross selling price received for all coal with which such Leased Coal is commingled. Leased Coal shall only be commingled with other coal that is of a quality that may satisfy the same or a similar market.

SECTION 7. HAULAGE PAYMENT

During the Term of this lease as described in Section 2, Lessee agrees to pay FIVE CENTS (\$0.05) for every ton of merchantable Third Party Coal removed and transported through the Leased Premises ("Haulage Payment"). No Haulage Payment shall apply to coal mined from the Leased Premises for which a Production Royalty is paid.

Lessee shall report and pay the Haulage Payment to Lessor in the same manner and time prescribed for reporting of Production Royalties.

If the Term of the lease expires as described in Section 2, but is extended for the purposes of transporting Third Party Coal through the Leased Premises as described in Section 2, then a Minimum Annual Haulage Payment shall be payable as follows. Upon the first transport of Third Party Coal through the Leased Premises after the lease primary term expires or the lease is no longer held by production, and then upon each succeeding January 1 thereafter until the cessation of Third Party Coal transport through the Leased Premises, Lessee shall pay an annual Minimum Annual Haulage Payment of \$1000.00. Lessee shall have the right to recoup an Minimum Annual Haulage Payment during the same calendar year following the payment of same, by deducting the amount of such payment from the Haulage Payments due during the calendar year, so long as this Lease is extended by the transport of Third Party Coal through the Leased Premises.

SECTION 8. TAXES

Lessor will pay all the taxes, levies, and assessments on or in respect of Lessor's ownership of the Leased Premises during the continuance of this Lease. Lessee shall pay any and all taxes due to the State and/or its subdivision for severing, removing, processing, or preparing of said coal, except for taxes on gross or net income of Lessor on receipt of royalties. If Lessor fails to pay the taxes, levies, and assessments set forth above or if there are any taxes or encumbrances due on the Leased Premises, then, Lessee may pay the same and any penalties, or redeem the Leased Premises from a tax sale, and deduct the amount expended due to Lessor's failure to timely pay any taxes, levies and assessments, from any Minimum Annual Royalty or Production Royalty subsequently accruing.

Lessee may, at any time during the continuance of this Lease, at its own cost and expense, and after reasonable notice to Lessor of its intention so to do, contest any of the taxes, levies, or assessments as above provided. In the event of any such contest, Lessee is authorized to proceed in the name of Lessor with respect to the interest of Lessor in the Leased Premises, but Lessee shall indemnify Lessor against any costs, penalties, expenses, or interest charges arising out of such contest.

SECTION 9. METHOD OF OPERATION

Lessee covenants and agrees that when it commences operation in any of the seams leased herein, Lessee will thereafter conduct its operations as a prudent operator and in a careful, skillful, and workmanlike manner, and in compliance with the laws of the State of Colorado and of the United States, and also according to good mining practices and with due regard for the value of the Leased Premises. Minimum Annual Royalty paid hereunder shall be in lieu of any implied covenant of diligent development.

Lessee shall be responsible for complying with all laws and governmental regulations, including environmental laws and regulations, related to or controlling mining and related operations by Lessee, its sublessees and contractors, on the Leased Premises, which responsibility shall survive termination of this Lease. If Lessee violates, or is claimed to have violated, laws or governmental regulations, then, Lessee shall indemnify Lessor and hold Lessor harmless from any penalties, fines, costs, and expenses, including reasonable legal fees and court costs, imposed upon or incurred by Lessor as a result of said claim, violation or violations.

Notwithstanding Lessee's obligation to comply with all laws, rules, regulations and orders as set forth above, Lessor shall not declare a default hereunder solely as a result of one or more operational violations which Lessee cures or abates as promptly as practical. Lessee shall be solely responsible for treatment of any water discharge caused by its operations, if required by present or future law or regulation, which responsibility shall survive termination of this Lease. Lessor shall consent to Lessee's election of post-mining land uses (including post-mining retention of roads and ponds in place to the extent allowed by applicable law) and shall execute all consents, waivers and authorizations reasonably requested by Lessee with respect thereto.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying any and all laboratory analyses made of coal mined from the Leased Premises.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying, at all reasonable times and upon reasonable notice, any and all Lessee's correspondence with

government agencies or departments which pertain to the Leased Premises, or to operations undertaken or to be undertaken thereon.

Lessor shall maintain all records furnished or made available pursuant hereto in confidence.

Notwithstanding anything in this Lease to the contrary, Lessee shall be entitled to enter into contract mining agreements and subleases with any mining contractor or sublessee, without Lessor's consent, for mining of the Leased Coal, upon terms and conditions chosen by the Lessee; provided that the Lessee shall remain obligated to the Lessor for compliance with all the terms and conditions of this Lease.

SECTION 10. INDEMNIFICATION AND INSURANCE

Lessee covenants and agrees to indemnify, save harmless, and defend Lessor from and against (a) any and all claims, demands, damage to person or property, actions or causes of action by or on behalf of any person, firm, corporation or governmental body for damages, injuries, deaths, penalties, fines, assessments or otherwise caused by, arising out of, resulting from or as a consequence of, in whole or in part, (i) any acts or omissions of Lessee, its officers, directors, employees, sublessees, contractors, subcontractors, licensees, invitees, engineers, agents, successors, assigns or parent or affiliated corporations or any other persons or entities acting by direct or indirect authority of Lessee, or pursuant to any rights granted in this Lease or (ii) the use and enjoyment of the Leased Premises pursuant to this Lease, and (b) any and all costs, counsel fees, expenses and liabilities reasonably incurred in or about any such claim or action brought thereon. Notwithstanding anything herein to the contrary, Lessee shall not be liable for special, consequential or punitive damages incurred by Lessor, but as between Lessor and Lessee, Lessee shall be liable for special, consequential or punitive damages incurred by unaffiliated third-parties as a result of Lessee's actions on the Leased Premises. **The indemnification described herein shall survive beyond the expiration or termination of this Lease.**

During the term of this Lease, Lessee shall carry, and shall require any sublessees or contractors to carry, with a limit of \$1 million per person and \$2 million per occurrence, general liability, including contractual liability, insurance. Such insurance shall be written on an "occurrence" basis unless the policy is available only on a "claims made" basis, in which case such "claims made" insurance coverage shall be maintained in effect for a period of at least five (5) years after the termination of this Lease, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever shall last occur.

SECTION 11. REMEDIES OF LESSOR

All payments hereunder required to be made by Lessee to Lessor shall be deemed and considered as rent reserved upon contract, and all remedies now or hereafter given by the laws of the State of Colorado for the collection of rent and/or recovery of possession are reserved to Lessor in respect of the sums so payable, and a lien is hereby reserved upon this Lease and the leasehold estate hereby created, to secure the payment of any and all sums.

If default be made by Lessee in the payment of the royalties herein reserved, or in the performance of any of the other terms or conditions hereof required to be kept or performed by Lessee, and such default shall continue for a period of thirty (30) days with respect to the payment of royalties, or sixty (60) days with respect to performance of any of the other terms or conditions,

after written notification thereof has been received by Lessee, then, in such event and as often as the same occurs, Lessor may, at its option, terminate this Lease without any further notice and re-enter upon and take possession of the Leased Premises and hold and possess the same as its absolute property free and clear of any claims of, by, or through Lessee, and pursue any and all other remedies available under the laws of the State of Colorado for violation of any covenant or condition hereof, and all such remedies shall be deemed cumulative and not exclusive. Notwithstanding the foregoing, should Lessor assert a default with respect to the payment of royalties, Lessee shall have the right to challenge that assertion within the prescribed thirty (30)-day period and to withhold the payment asserted to be in default pending resolution as to the validity of Lessor's asserted default in the payment of royalties. Notwithstanding the foregoing, should physical conditions on the Leased Premises prohibit cure of any default by Lessee within respect to the performance of any other terms or conditions within the prescribed sixty (60)-day period, then, Lessee shall be required to have diligently and in good faith commenced curative measures and shall within the sixty (60) days of notice of default advise Lessor in detail in writing as to what physical conditions are prohibiting completion of such cure and setting forth a timetable for such cure. Such notice by Lessee to Lessor shall toll the sixty (60)-day curative time until physical conditions permit completion of curative work in a diligent, good faith fashion. No action by Lessor pursuant to this Section 11 shall impair the right to royalties due or accrued up to the time of termination and re-entry hereunder, but none shall be charged for any period thereafter.

SECTION 12. ASSIGNMENT

Except by operation of law, or as expressly permitted in this Lease, Lessee covenants and agrees that it will not sell, assign, mortgage, pledge or otherwise transfer or encumber (collectively "transfer") this Lease or any rights, interests or estates created by this Lease or all or any portion of the Leased Premises, without having first obtained the written consent of Lessor (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment, without obtaining and presenting to Lessor a covenant of assumption by the assignee, wherein such assignee expressly agrees to and with Lessor to assume and be bound by all of the covenants, terms, conditions and provisions hereof to the same extent as if said assignee had been named as the original Lessee. Any transfer of this Lease or any portion thereof to an entity affiliated with Lessee or any sublease of any portion of the Leased Premises shall not relieve Lessee from its obligations to comply with all the covenants, terms, conditions and provisions of this Lease, and to assure that the said assignee or sublessee complies with the covenants, terms, conditions and provisions of this Lease, unless otherwise agreed in writing by Lessor. In the event Lessor consents to any transfer, such consent shall not relieve Lessee and/or any transferee, from securing Lessor's written consent to any further transfer, nor shall any such consent be construed as a consent to any further transfer or as a waiver of any portion of this section or of Lessor's rights hereunder.

SECTION 13. TERMINATION

Lessee may at any time execute and deliver to Lessor a release covering all of the Leased Premises, and thereby terminate this Lease. If this Lease expires or is terminated as to all of the Leased Premises, Lessee shall not be required to pay any Annual Minimum Payments accruing after the effective date of expiration or termination; provided that Lessee shall be fully responsible for all obligations accruing prior to the effective date of the expiration or termination of this Lease. Upon expiration or termination of this Lease, excepts as otherwise provided for in Section 2 above,

Lessee shall peaceably surrender the Leased Premises to Lessor, free and clear of all liens and encumbrances made or allowed by Lessee or in any way arising out of this Lease or Lessee's use of the Leased Premises.

SECTION 14. REMOVAL OF PROPERTY

Lessee, having performed all the terms and conditions of this Lease to be performed by it, may, for a period of twelve (12) months following termination or expiration, remove any and all equipment and personal property owned by Lessee. If the Lessee shall fail to remove any of the equipment and personal property described above within said twelve (12) months, then, the same shall thereupon be and become the absolute property of Lessor. If Lessor becomes obligated to remove equipment or property not removed by Lessee, then Lessee shall reimburse Lessor for the costs incurred by Lessee, including damages and attorney fees, by Lessee's failure to remove such property.

SECTION 15. FORCE MAJEURE

Except for the payment of monetary obligations by Lessee to Lessor, the failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be grounds for cancellation or termination or forfeiture hereof, during such time(s) and in accordance with the following:

(a) If such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides, unusual mining casualty, damage to or destruction of operating facilities, civil or military disorders, insurrection, strikes, lockouts, industrial disturbances, riots, terrorist incidents, fuel shortages not due to the negligence or lack of diligence by Lessee, judicial orders, litigation or legal actions, laws, orders, rules, regulations, governmental actions, policies or regulations which substantially restrict or inhibit Lessee's operations on the Leased Premises under this Lease, inability to obtain any license, permit or other authorization that may be required to conduct operations on the Leased Premises, acts of nature, or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from and not be held liable for, such failure to perform or comply. If Lessee is prevented from engaging in its operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is prevented from conducting such operations; provided that Lessee shall continue to make any Annual Minimum Payments and/or Production Royalty payments, as appropriate, during any force majeure period. Lessee shall promptly notify Lessor in writing of any event of force majeure after being affected thereby, describe the estimated extent of any delays likely to result therefrom, and shall similarly so notify the Lessor upon cessation of the condition of force majeure.

(b) In the event of a delay caused by force majeure, Lessee shall exercise reasonable diligence to resume its operations pursuant to this Lease as soon as reasonably practicable.

(c) Lessee shall have the right to determine and settle any strike, lockout, or industrial disturbance in its sole discretion, and the aforesaid requirement of exercising reasonable diligence to resume operations shall not require Lessee to accede to any demand or position of any other party involved in such strike, lockout, or industrial dispute.

(d) If, at any time during the term of this Lease, including any extensions hereof, Lessee's operations are determined by Lessee to be uneconomic due to unavailability of a suitable market for the coal from the Leased Premises, prevailing costs of mining, processing or marketing with respect to prices available for coal from the Leased Premises, unavailability of equipment or competent labor, or imposition of governmental statutes, requirements or regulations making it impractical to carry out such operations, Lessee shall have the right, from time to time, to temporarily discontinue operations hereunder. In each such event, Lessee shall, within thirty (30) days of the expiration of each lease year in which such temporary discontinuance occurs, notify Lessor of the total period of each discontinuance during such year and shall continue to make the Annual Minimum Payments as provided herein.

(e) The existence of any event of force majeure shall not relieve Lessee of the obligation to make Annual Minimum Payments in accordance with Section 5 hereof.

SECTION 16. WAIVERS AND RELEASES, ETC.

No waiver, release, modification, or amendment of any of the terms, conditions, or provisions of this Lease shall be valid or relied upon by Lessor or Lessee, unless the same is in writing duly executed by Lessor and Lessee. The failure to exercise any right upon nonperformance shall not be construed as a waiver of the right to insist on subsequent performance of the terms and conditions hereof.

SECTION 17. CONTROLLING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. The parties submit to the exclusive personal jurisdiction of the courts of Colorado, in respect of any matter or thing arising out of this Lease or pursuant thereto.

SECTION 18. NOTICES

Until written notice of a different address, all notices which are anywhere in this Lease provided to be given shall be effective upon receipt and shall be served upon or mailed to:

As to Lessor: Gary L. Stephens
3660 N. Lake Shore Drive
Chicago, IL, 60613-5300

As to Lessee: GCC Energy, LLC
P.O. Box 2827
Durango, CO 81302

Notices may also be served via facsimile transmission, provided that the sender has written confirmation that the transmission was successful.

SECTION 19. SUCCESSORS AND ASSIGNS

All covenants, agreements, and conditions herein set forth to be performed by or on behalf of Lessor or Lessee shall bind their respective successors and assigns, whether so expressed or not, and shall inure to the benefit not only of Lessor and Lessee, but also the benefit of their respective successors and assigns; but this Section 19 shall not be construed as in anywise modifying the provisions of Section 12 hereof.

SECTION 20. RECLAMATION

Lessee agrees to perform reclamation activities required under the terms of its permit, the Colorado Mined Land Reclamation Act, the Colorado Surface Coal Mining Reclamation Act, and other applicable local, state or federal laws. The foregoing shall not be construed to confer standing upon Lessor that would not ordinarily be available by provisions of the applicable laws.

SECTION 21. MISCELLANEOUS.

Unless expressly provided for elsewhere in this Lease, this Lease shall be interpreted in accordance with the following provisions:

- (a) Whenever the context may require, any pronoun used in this Lease shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.
- (b) If a word or phrase is defined, its other grammatical forms shall have a corresponding meaning.
- (c) A reference to a person, corporation, trust, estate, partnership, or other entity shall include any of them.
- (d) The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.
- (e) A reference to legislation or to a provision of legislation includes a modification or reenactment of it, a legislative provision substituted for it, and a regulation or statutory instrument issued under it.
- (f) A reference to a writing includes a facsimile transmission of it and any means of reproducing of its words in a tangible and permanently visible form.
- (g) The words "hereof," "herein," "hereunder," and words of similar import, when used in this Lease, shall refer to this Lease as a whole and not to any particular provision of this Lease, and article, section, subsection, schedule and exhibit references are to this Lease unless otherwise specified.
- (h) The word "including" shall mean including without limitation.
- (i) Exhibit A identified in this Lease is incorporated herein by reference and made a part of this Lease.
- (j) The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease shall be construed as if

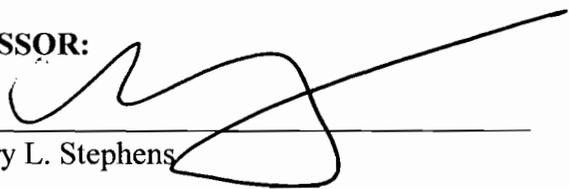
drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Lease.

(k) Lessor and Lessee agree to execute and record a short-form or memorandum of lease for the purpose of providing record notice of this Lease. Such memorandum shall be in lieu of recording this lease instrument and both parties agree that this lease shall not be recorded under any circumstances.

(l) This Lease may be executed in counterparts and shall be binding upon the parties executing a counterpart hereof, whether or not other owners of interests in the Lease Premises have not entered into this lease.

IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their respective representatives thereunto duly authorized, all as of the day and year first above written.

LESSOR:

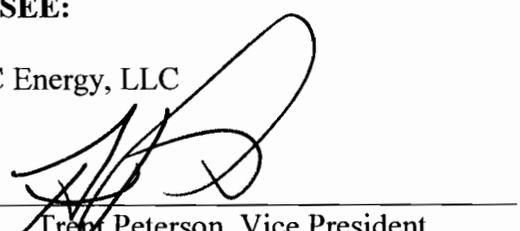


A handwritten signature in black ink, appearing to read 'Gary L. Stephens', is written over a horizontal line. The signature is stylized and somewhat cursive.

Gary L. Stephens

LESSEE:

GCC Energy, LLC



A handwritten signature in black ink, appearing to read 'Trent Peterson', is written over a horizontal line. The signature is stylized and somewhat cursive.

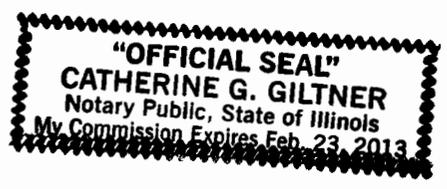
By: Trent Peterson, Vice President

STATE OF Illinois)
COUNTY OF Cook) SS:

The foregoing instrument was acknowledged before me this 28th day of September, 2009, by Gary L. Stephens, personally known to me.

WITNESS my hand and official seal.

My commission expires: 2/23/13
Catherine G. Giltner
Notary Public



STATE OF COLORADO)
COUNTY OF LA PLATA) SS:

The foregoing instrument was acknowledged before me this 21st day of September, 2009, by Trent Peterson, as Vice President of GCC Energy, LLC, on behalf of said Limited Liability Company..

WITNESS my hand and official seal.

My commission expires: 12/15/2012
Terence R. Dickens
Notary Public



EXHIBIT A
To
COAL MINING LEASE

Dated this 1st day of September, 2009 ("Execution Date"), by and between Gary L. Stephens ("Lessor"), whose address is 3660 N. Lake Shore Drive #3705, Chicago, IL, 60613-5300, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: E1/2SW1/4

Containing 80 acres, more or less

COAL MINING LEASE

THIS COAL MINING LEASE ("Lease") dated this 1st day of September, 2009 ("Execution Date"), by and between Karen Stephens (f/k/a Karen S. McCoy), 27037 Oakmont Drive, Valley Center, CA 92082, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

SECTION 1. EXCLUSIVE LEASE

In consideration of the terms, conditions, and stipulations set forth to be performed and observed by Lessee, Lessor, acting on its own behalf and with the intention of exercising any right, option or power held by it on behalf of any other person or entity, does, to the extent that Lessor now or hereafter owns or controls same, hereby demise, lease and let to Lessee, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal, Third-Party Coal (as hereinafter defined), including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law.

"Third-Party Coal," as used in this Lease, shall mean any coal mined from any lands other than the Leased Premises.

Subject to the provisions and limitations contained above, Lessee shall have the right to mine the Leased Coal by underground mining methods, including room and pillar, continuous miner, and longwall mining methods, or such other underground mining methods as may be deemed appropriate by Lessee.

Subject to the above limitations, Lessee is hereby granted the right to transport Third-Party Coal through, across or under the Leased Premises, and men, materials, timber, supplies and equipment in connection with mining on, in, or from the Leased Premises or any other lands.

SECTION 2. TERM

The primary term of this Lease shall be for a period of five (5) years from the Effective Date set forth below, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as hereinafter provided. In the event all the mineable and merchantable coal underlying the Leased Premises shall have been mined and removed from the Leased Premises pursuant to the provisions of this Lease and mining operations by Lessee have ceased upon the Leased Premises, then, this Lease shall cease and terminate upon the date when all such coal shall have been mined and removed and such mining operations have ceased. **The indemnification provisions in Section 10 shall survive the termination of this lease.**

As used in this Lease, "mineable and merchantable coal" shall mean coal that can be mined and delivered to market at a reasonable profit to Lessee, using the in-place mining methods and equipment, when reached in the ordinary course of Lessee's operations.

Notwithstanding anything herein to the contrary, the term of this Lease may be extended beyond such date by Lessee to the extent reasonably required by Lessee to continue the operation of any facilities that are useful for the handling or processing of any Third-Party Coal, provided that Lessee shall pay Lessor Haulage Payments as provided in Section 7 of this agreement. Lessee shall also have the right to enter in and upon the Leased Premises after the termination or forfeiture of this Lease, without rental, (i) for the purpose of removing all of Lessee's structures, machinery, equipment and other property from any part of the Leased Premises following the termination of this Lease in accordance with Section 14 hereof and (ii) for the purpose of conducting reclamation activities on the Leased Premises or on any other lands and complying with applicable law, provided that if Lessee exercises its rights pursuant to this sentence, the provisions of Section 9 shall apply during said time.

The Effective Date of this lease shall be the date at which Lessee has secured leases from the owners of 100% of the minerals underlying the Leased Premises. Upon the execution date of this lease, and on every January 1st thereafter until the Effective Date, Lessee agrees to pay \$250 annually in delay rentals for the purpose of obtaining permits and leases from all third parties necessary to lease 100% of the coal interests under the Leased Premises. In no event shall Lessee be obligated to pay any other royalty described in this lease, nor shall Lessee be obligated to commence mining operations until, in Lessee's discretion, Lessee has obtained the necessary governmental permits and has secured leases that would allow it to commence legal mining operations. If, after five (5) calendar years from the Execution Date of this lease, all such leases have not been secured, either Lessor or Lessee may terminate this lease with no further payments due Lessor.

SECTION 3. WARRANTY

Lessor represents and makes the following special warranties and shall defend the Leased Premises against any person claiming the whole or part thereof, by, through, or under the Lessor:

Lessor represents and warrants to Lessee: that Lessor owns an undivided Twelve and one half percent (12.5%) of the mineral interest (to expressly include coal) in and to the Leased Premises; that Lessor's interest in the Leased Premises is free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessor has the full and exclusive right and power to lease the Leased Premises to Lessee under the terms and provisions of this Lease and to grant the rights granted to Lessee hereunder; and that the Leased Premises are not subject to any agreements contrary to the provisions of this Lease. Lessor also agrees to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged. In the event Lessor is either unable or unwilling to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged, then, Lessee, at its option, may defend the title to the Leased Premises and to the rights granted to Lessee herein and thereafter deduct the cost of such defense from any Royalty payment due Lessor until fully recouped.

The foregoing provisions in this Section 3 are to constitute a Special Warranty by Lessor as to title defects or encumbrances arising by, through, or under the Lessor. Lessor makes no warranty or representation as to title defects or encumbrances arising by or through Lessor's predecessors in interest of the Leased Premises.

SECTION 4. LESSER INTEREST

In the event Lessor owns less than the entire fee simple estate in and to the Leased Coal, whether or not such lesser interest is specified herein, all payments of Minimum Annual Royalties, Production Royalties, Haulage Payments, and Minimum Annual Haulage Payments as provided in Section 7, provided for herein, shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the Leased Coal. Delay rentals as provided in Section 2, shall not be subject to percentage reduction by the foregoing Lesser Interest clause.

SECTION 5. MINIMUM ANNUAL ROYALTY

Upon the Effective Date of this Lease, Lessee shall pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00) for the first lease year. Beginning on January 1, in the year after the Effective Date year, and on each succeeding January 1 during the term of this Lease, Lessee shall also pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00). Each payment shall be made in advance, on the first day of January of each Lease year. Each payment shall hereinafter be referred to as an "Annual Minimum Royalty Payment." Lessee shall have the right to recoup an Annual Minimum Royalty Payment during the same calendar year following the payment, by deducting the amount of such payment from the Production Royalty payments due during the calendar year. If at any time during the term of this Lease, in the opinion of Lessor's engineer or an independent professional engineer mutually acceptable to Lessor and Lessee, upon the request of Lessee, the amount of mineable and merchantable Leased Coal is not sufficient to recoup Minimum Annual Royalties payable to all Lessors of the Leased Premises during a calendar year, then this lease shall terminate under the provisions of Section 2, and the obligation to pay Minimum Annual Royalty shall immediately cease.

SECTION 6. PRODUCTION ROYALTY

During the term of this Lease, Lessee shall pay to Lessor, at the address set forth in Section 18 hereto, or at such other places as Lessor may from time to time designate in writing, a Production Royalty in an amount equal to eight percent (8%) of the gross selling price per ton for the coal mined and sold from the Leased Premises during each calendar month during the term hereof, to be forwarded to Lessor within thirty (30) days from the end of the month to which payment applies.

"Coal" is defined as, without limitation, any and all grades, types, and seams of coal, lignite and the substances contained therein or associated therewith, ~~including coal bed methane in any coal seam encountered by Lessee.~~ *KS*
The term "ton" referred to herein shall mean 2,000 pounds. *KS*

Subject to the qualification hereinafter stated in this paragraph, "gross selling price" of coal shall, for all purposes under this Lease, be the amount received by Lessee, upon sale thereof, to an unaffiliated third-party purchaser, f.o.b. at the contractual point at which the Leased Coal mined hereunder is sold to such unaffiliated third-party purchaser, without any deduction for selling expenses, sales commissions, or costs incurred for crushing and screening, but with proper deduction for transportation costs incurred in the instances where the f.o.b. contractual point is different than the mine loading point. If Lessee shall consume any of the Leased Coal, or if the Leased Coal is sold to an affiliate of Lessee, the price of the Leased Coal shall not be less than (i)

the average gross selling price of Leased Coal of comparable quality as is then being sold by Lessee to unaffiliated third-party purchasers, or (ii) if there are no unaffiliated third-party purchasers, the average gross selling price of comparable coal in the open market, adjusted as necessary to establish comparability.

Lessee shall forward to Lessor, on or before the 30th day of each calendar month, a report (i) of revenues for Leased Coal sold from inventory and (ii) of weights of Leased Coal consumed, if any, by Lessee, on a first in, first out basis during the preceding calendar month. Lessee shall keep accurate and correct books of account showing all coal mined, and all coal consumed on, transported, or shipped from the Leased Premises or elsewhere, together with the correct weights and gross selling price thereof, to which books and records Lessor shall at all reasonable times and with reasonable notice have access for verification of statements to be furnished by Lessee for a period of two (2) years from the date of payment.

In the event it shall be necessary or reasonably convenient in mining the Leased Coal to load the same over a tipple or tipples over which other coal is loaded, thereby mixing the Leased Coal with other coal, Lessee shall keep an account of the tonnage of Leased Coal, as well as an account of the tonnage of other coal being loaded over the same tipple or tipples.

If the Leased Coal is mined, processed, stored, and sold separately from all other coals, then, the gross selling price shall be the price received for the Leased Coal as and when sold. In the event that Leased Coal is commingled with other Third-Party coal, then, the gross selling price, as set forth in this Section 6, shall be the gross selling price received for all coal with which such Leased Coal is commingled. Leased Coal shall only be commingled with other coal that is of a quality that may satisfy the same or a similar market.

SECTION 7. HAULAGE PAYMENT

During the Term of this lease as described in Section 2, Lessee agrees to pay FIVE CENTS (\$0.05) for every ton of merchantable Third Party Coal removed and transported through the Leased Premises ("Haulage Payment"). No Haulage Payment shall apply to coal mined from the Leased Premises for which a Production Royalty is paid.

Lessee shall report and pay the Haulage Payment to Lessor in the same manner and time prescribed for reporting of Production Royalties.

If the Term of the lease expires as described in Section 2, but is extended for the purposes of transporting Third Party Coal through the Leased Premises as described in Section 2, then a Minimum Annual Haulage Payment shall be payable as follows. Upon the first transport of Third Party Coal through the Leased Premises after the lease primary term expires or the lease is no longer held by production, and then upon each succeeding January 1 thereafter until the cessation of Third Party Coal transport through the Leased Premises, Lessee shall pay an annual Minimum Annual Haulage Payment of \$1000.00. Lessee shall have the right to recoup an Minimum Annual Haulage Payment during the same calendar year following the payment of same, by deducting the amount of such payment from the Haulage Payments due during the calendar year, so long as this Lease is extended by the transport of Third Party Coal through the Leased Premises.

SECTION 8. TAXES

Lessor will pay all the taxes, levies, and assessments on or in respect of Lessor's ownership of the Leased Premises during the continuance of this Lease. Lessee shall pay any and all taxes due to the State and/or its subdivision for severing, removing, processing, or preparing of said coal, except for taxes on gross or net income of Lessor on receipt of royalties. If Lessor fails to pay the taxes, levies, and assessments set forth above or if there are any taxes or encumbrances due on the Leased Premises, then, Lessee may pay the same and any penalties, or redeem the Leased Premises from a tax sale, and deduct the amount expended due to Lessor's failure to timely pay any taxes, levies and assessments, from any Minimum Annual Royalty or Production Royalty subsequently accruing.

Lessee may, at any time during the continuance of this Lease, at its own cost and expense, and after reasonable notice to Lessor of its intention so to do, contest any of the taxes, levies, or assessments as above provided. In the event of any such contest, Lessee is authorized to proceed in the name of Lessor with respect to the interest of Lessor in the Leased Premises, but Lessee shall indemnify Lessor against any costs, penalties, expenses, or interest charges arising out of such contest.

SECTION 9. METHOD OF OPERATION

Lessee covenants and agrees that when it commences operation in any of the seams leased herein, Lessee will thereafter conduct its operations as a prudent operator and in a careful, skillful, and workmanlike manner, and in compliance with the laws of the State of Colorado and of the United States, and also according to good mining practices and with due regard for the value of the Leased Premises. Minimum Annual Royalty paid hereunder shall be in lieu of any implied covenant of diligent development.

Lessee shall be responsible for complying with all laws and governmental regulations, including environmental laws and regulations, related to or controlling mining and related operations by Lessee, its sublessees and contractors, on the Leased Premises, which responsibility shall survive termination of this Lease. If Lessee violates, or is claimed to have violated, laws or governmental regulations, then, Lessee shall indemnify Lessor and hold Lessor harmless from any penalties, fines, costs, and expenses, including reasonable legal fees and court costs, imposed upon or incurred by Lessor as a result of said claim, violation or violations.

Notwithstanding Lessee's obligation to comply with all laws, rules, regulations and orders as set forth above, Lessor shall not declare a default hereunder solely as a result of one or more operational violations which Lessee cures or abates as promptly as practical. Lessee shall be solely responsible for treatment of any water discharge caused by its operations, if required by present or future law or regulation, which responsibility shall survive termination of this Lease. Lessor shall consent to Lessee's election of post-mining land uses (including post-mining retention of roads and ponds in place to the extent allowed by applicable law) and shall execute all consents, waivers and authorizations reasonably requested by Lessee with respect thereto.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying any and all laboratory analyses made of coal mined from the Leased Premises.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying, at all reasonable times and upon reasonable notice, any and all Lessee's correspondence with

government agencies or departments which pertain to the Leased Premises, or to operations undertaken or to be undertaken thereon.

Lessor shall maintain all records furnished or made available pursuant hereto in confidence.

Notwithstanding anything in this Lease to the contrary, Lessee shall be entitled to enter into contract mining agreements and subleases with any mining contractor or sublessee, without Lessor's consent, for mining of the Leased Coal, upon terms and conditions chosen by the Lessee; provided that the Lessee shall remain obligated to the Lessor for compliance with all the terms and conditions of this Lease.

SECTION 10. INDEMNIFICATION AND INSURANCE

Lessee covenants and agrees to indemnify, save harmless, and defend Lessor from and against (a) any and all claims, demands, damage to person or property, actions or causes of action by or on behalf of any person, firm, corporation or governmental body for damages, injuries, deaths, penalties, fines, assessments or otherwise caused by, arising out of, resulting from or as a consequence of, in whole or in part, (i) any acts or omissions of Lessee, its officers, directors, employees, sublessees, contractors, subcontractors, licensees, invitees, engineers, agents, successors, assigns or parent or affiliated corporations or any other persons or entities acting by direct or indirect authority of Lessee, or pursuant to any rights granted in this Lease or (ii) the use and enjoyment of the Leased Premises pursuant to this Lease, and (b) any and all costs, counsel fees, expenses and liabilities reasonably incurred in or about any such claim or action brought thereon. Notwithstanding anything herein to the contrary, Lessee shall not be liable for special, consequential or punitive damages incurred by Lessor, but as between Lessor and Lessee, Lessee shall be liable for special, consequential or punitive damages incurred by unaffiliated third-parties as a result of Lessee's actions on the Leased Premises. **The indemnification described herein shall survive beyond the expiration or termination of this Lease.**

During the term of this Lease, Lessee shall carry, and shall require any sublessees or contractors to carry, with a limit of \$1 million per person and \$2 million per occurrence, general liability, including contractual liability, insurance. Such insurance shall be written on an "occurrence" basis unless the policy is available only on a "claims made" basis, in which case such "claims made" insurance coverage shall be maintained in effect for a period of at least five (5) years after the termination of this Lease, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever shall last occur.

SECTION 11. REMEDIES OF LESSOR

All payments hereunder required to be made by Lessee to Lessor shall be deemed and considered as rent reserved upon contract, and all remedies now or hereafter given by the laws of the State of Colorado for the collection of rent and/or recovery of possession are reserved to Lessor in respect of the sums so payable, and a lien is hereby reserved upon this Lease and the leasehold estate hereby created, to secure the payment of any and all sums.

If default be made by Lessee in the payment of the royalties herein reserved, or in the performance of any of the other terms or conditions hereof required to be kept or performed by Lessee, and such default shall continue for a period of thirty (30) days with respect to the payment of royalties, or sixty (60) days with respect to performance of any of the other terms or conditions,

after written notification thereof has been received by Lessee, then, in such event and as often as the same occurs, Lessor may, at its option, terminate this Lease without any further notice and re-enter upon and take possession of the Leased Premises and hold and possess the same as its absolute property free and clear of any claims of, by, or through Lessee, and pursue any and all other remedies available under the laws of the State of Colorado for violation of any covenant or condition hereof, and all such remedies shall be deemed cumulative and not exclusive. Notwithstanding the foregoing, should Lessor assert a default with respect to the payment of royalties, Lessee shall have the right to challenge that assertion within the prescribed thirty (30)-day period and to withhold the payment asserted to be in default pending resolution as to the validity of Lessor's asserted default in the payment of royalties. Notwithstanding the foregoing, should physical conditions on the Leased Premises prohibit cure of any default by Lessee within respect to the performance of any other terms or conditions within the prescribed sixty (60)-day period, then, Lessee shall be required to have diligently and in good faith commenced curative measures and shall within the sixty (60) days of notice of default advise Lessor in detail in writing as to what physical conditions are prohibiting completion of such cure and setting forth a timetable for such cure. Such notice by Lessee to Lessor shall toll the sixty (60)-day curative time until physical conditions permit completion of curative work in a diligent, good faith fashion. No action by Lessor pursuant to this Section 11 shall impair the right to royalties due or accrued up to the time of termination and re-entry hereunder, but none shall be charged for any period thereafter.

SECTION 12. ASSIGNMENT

Except by operation of law, or as expressly permitted in this Lease, Lessee covenants and agrees that it will not sell, assign, mortgage, pledge or otherwise transfer or encumber (collectively "transfer") this Lease or any rights, interests or estates created by this Lease or all or any portion of the Leased Premises, without having first obtained the written consent of Lessor (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment, without obtaining and presenting to Lessor a covenant of assumption by the assignee, wherein such assignee expressly agrees to and with Lessor to assume and be bound by all of the covenants, terms, conditions and provisions hereof to the same extent as if said assignee had been named as the original Lessee. Any transfer of this Lease or any portion thereof to an entity affiliated with Lessee or any sublease of any portion of the Leased Premises shall not relieve Lessee from its obligations to comply with all the covenants, terms, conditions and provisions of this Lease, and to assure that the said assignee or sublessee complies with the covenants, terms, conditions and provisions of this Lease, unless otherwise agreed in writing by Lessor. In the event Lessor consents to any transfer, such consent shall not relieve Lessee and/or any transferee, from securing Lessor's written consent to any further transfer, nor shall any such consent be construed as a consent to any further transfer or as a waiver of any portion of this section or of Lessor's rights hereunder.

SECTION 13. TERMINATION

Lessee may at any time execute and deliver to Lessor a release covering all of the Leased Premises, and thereby terminate this Lease. If this Lease expires or is terminated as to all of the Leased Premises, Lessee shall not be required to pay any Annual Minimum Payments accruing after the effective date of expiration or termination; provided that Lessee shall be fully responsible for all obligations accruing prior to the effective date of the expiration or termination of this Lease. Upon expiration or termination of this Lease, excepts as otherwise provided for in Section 2 above,

Lessee shall peaceably surrender the Leased Premises to Lessor, free and clear of all liens and encumbrances made or allowed by Lessee or in any way arising out of this Lease or Lessee's use of the Leased Premises.

SECTION 14. REMOVAL OF PROPERTY

Lessee, having performed all the terms and conditions of this Lease to be performed by it, may, for a period of twelve (12) months following termination or expiration, remove any and all equipment and personal property owned by Lessee. If the Lessee shall fail to remove any of the equipment and personal property described above within said twelve (12) months, then, the same shall thereupon be and become the absolute property of Lessor. If Lessor becomes obligated to remove equipment or property not removed by Lessee, then Lessee shall reimburse Lessor for the costs incurred by Lessee, including damages and attorney fees, by Lessee's failure to remove such property.

SECTION 15. FORCE MAJEURE

Except for the payment of monetary obligations by Lessee to Lessor, the failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be grounds for cancellation or termination or forfeiture hereof, during such time(s) and in accordance with the following:

(a) If such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides, unusual mining casualty, damage to or destruction of operating facilities, civil or military disorders, insurrection, strikes, lockouts, industrial disturbances, riots, terrorist incidents, fuel shortages not due to the negligence or lack of diligence by Lessee, judicial orders, litigation or legal actions, laws, orders, rules, regulations, governmental actions, policies or regulations which substantially restrict or inhibit Lessee's operations on the Leased Premises under this Lease, inability to obtain any license, permit or other authorization that may be required to conduct operations on the Leased Premises, acts of nature, or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from and not be held liable for, such failure to perform or comply. If Lessee is prevented from engaging in its operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is prevented from conducting such operations; provided that Lessee shall continue to make any Annual Minimum Payments and/or Production Royalty payments, as appropriate, during any force majeure period. Lessee shall promptly notify Lessor in writing of any event of force majeure after being affected thereby, describe the estimated extent of any delays likely to result therefrom, and shall similarly so notify the Lessor upon cessation of the condition of force majeure.

(b) In the event of a delay caused by force majeure, Lessee shall exercise reasonable diligence to resume its operations pursuant to this Lease as soon as reasonably practicable.

(c) Lessee shall have the right to determine and settle any strike, lockout, or industrial disturbance in its sole discretion, and the aforesaid requirement of exercising reasonable diligence to resume operations shall not require Lessee to accede to any demand or position of any other party involved in such strike, lockout, or industrial dispute.

(d) If, at any time during the term of this Lease, including any extensions hereof, Lessee's operations are determined by Lessee to be uneconomic due to unavailability of a suitable market for the coal from the Leased Premises, prevailing costs of mining, processing or marketing with respect to prices available for coal from the Leased Premises, unavailability of equipment or competent labor, or imposition of governmental statutes, requirements or regulations making it impractical to carry out such operations, Lessee shall have the right, from time to time, to temporarily discontinue operations hereunder. In each such event, Lessee shall, within thirty (30) days of the expiration of each lease year in which such temporary discontinuance occurs, notify Lessor of the total period of each discontinuance during such year and shall continue to make the Annual Minimum Payments as provided herein.

(e) The existence of any event of force majeure shall not relieve Lessee of the obligation to make Annual Minimum Payments in accordance with Section 5 hereof.

SECTION 16. WAIVERS AND RELEASES, ETC.

No waiver, release, modification, or amendment of any of the terms, conditions, or provisions of this Lease shall be valid or relied upon by Lessor or Lessee, unless the same is in writing duly executed by Lessor and Lessee. The failure to exercise any right upon nonperformance shall not be construed as a waiver of the right to insist on subsequent performance of the terms and conditions hereof.

SECTION 17. CONTROLLING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. The parties submit to the exclusive personal jurisdiction of the courts of Colorado, in respect of any matter or thing arising out of this Lease or pursuant thereto.

SECTION 18. NOTICES

Until written notice of a different address, all notices which are anywhere in this Lease provided to be given shall be effective upon receipt and shall be served upon or mailed to:

As to Lessor: Karen Stephens
27037 Oakmont Drive
Valley Center, CA 92082

As to Lessee: GCC Energy, LLC
P.O. Box 2827
Durango, CO 81302

Notices may also be served via facsimile transmission, provided that the sender has written confirmation that the transmission was successful.

SECTION 19. SUCCESSORS AND ASSIGNS

All covenants, agreements, and conditions herein set forth to be performed by or on behalf of Lessor or Lessee shall bind their respective successors and assigns, whether so expressed or not, and shall inure to the benefit not only of Lessor and Lessee, but also the benefit of their respective successors and assigns; but this Section 19 shall not be construed as in anywise modifying the provisions of Section 12 hereof.

SECTION 20. RECLAMATION

Lessee agrees to perform reclamation activities required under the terms of its permit, the Colorado Mined Land Reclamation Act, the Colorado Surface Coal Mining Reclamation Act, and other applicable local, state or federal laws. The foregoing shall not be construed to confer standing upon Lessor that would not ordinarily be available by provisions of the applicable laws.

SECTION 21. MISCELLANEOUS.

Unless expressly provided for elsewhere in this Lease, this Lease shall be interpreted in accordance with the following provisions:

- (a) Whenever the context may require, any pronoun used in this Lease shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.
- (b) If a word or phrase is defined, its other grammatical forms shall have a corresponding meaning.
- (c) A reference to a person, corporation, trust, estate, partnership, or other entity shall include any of them.
- (d) The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.
- (e) A reference to legislation or to a provision of legislation includes a modification or reenactment of it, a legislative provision substituted for it, and a regulation or statutory instrument issued under it.
- (f) A reference to a writing includes a facsimile transmission of it and any means of reproducing of its words in a tangible and permanently visible form.
- (g) The words "hereof," "herein," "hereunder," and words of similar import, when used in this Lease, shall refer to this Lease as a whole and not to any particular provision of this Lease, and article, section, subsection, schedule and exhibit references are to this Lease unless otherwise specified.
- (h) The word "including" shall mean including without limitation.
- (i) Exhibit A identified in this Lease is incorporated herein by reference and made a part of this Lease.
- (j) The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease shall be construed as if

drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Lease.

(k) Lessor and Lessee agree to execute and record a short-form or memorandum of lease for the purpose of providing record notice of this Lease. Such memorandum shall be in lieu of recording this lease instrument and both parties agree that this lease shall not be recorded under any circumstances.

(l) This Lease may be executed in counterparts and shall be binding upon the parties executing a counterpart hereof, whether or not other owners of interests in the Lease Premises have not entered into this lease.

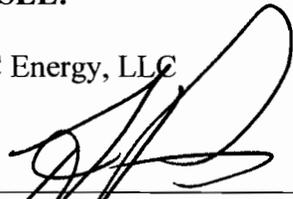
IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their respective representatives thereunto duly authorized, all as of the day and year first above written.

LESSOR:


Karen Stephens (f/k/a Karen S. McCoy)

LESSEE:

GCC Energy, LLC


By: Trent Peterson, Vice President

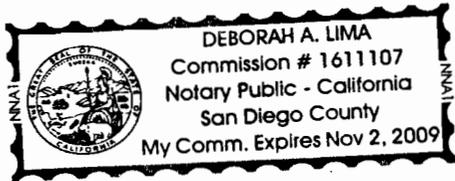
STATE OF State of California)

County of San Diego) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this 29 day of September, 2009, by Karen Stephens (f/k/a Karen S. McCoy), personally known to me.

WITNESS my hand and official seal.

My commission expires: 11-12-09
[Signature]
Notary Public



STATE OF COLORADO)

) SS:
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 21st day of September, 2009, by Trent Peterson, as Vice President of GCC Energy, LLC, on behalf of said Limited Liability Company..

WITNESS my hand and official seal.

My commission expires: 12/15/2012
[Signature]
Notary Public

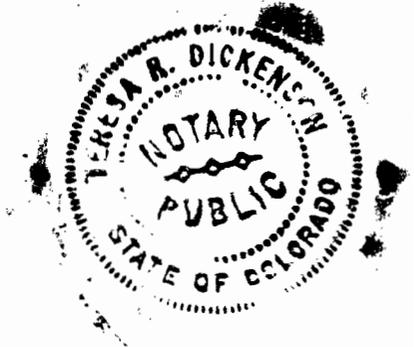


EXHIBIT A
To
COAL MINING LEASE

Dated this 1st day of September, 2009 ("Execution Date"), by and between Karen Stephens (f/k/a Karen S. McCoy), 27037 Oakmont Drive, Valley Center, CA 92082, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: SW1/4NE1/4, NW1/4SE1/4

Containing 80 acres, more or less

MEMORANDUM OF COAL MINING LEASE

This Memorandum of Coal Mining Lease ("Memorandum") is made and entered into this 15th day of June, 2010, by and between The Ute Mountain Ute Indian Tribe, ("Lessor"), whose address is P.O. Box 128, Towaoc CO 81334, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

WITNESSETH

Whereas the parties hereto entered into a "Coal Mining Lease" dated the 15th day of June 2010, whereby Lessor granted and conveyed to Lessee certain exclusive mining rights on, across, over, below, and in certain properties ("Leased Premises") situated in La Plata County, Colorado, more particularly described in Exhibit A, attached hereto and incorporated by reference herein;

Whereas, the parties desire to have recorded a Memorandum for the purpose of filing record notice thereof, and for that purpose only, have executed this Memorandum.

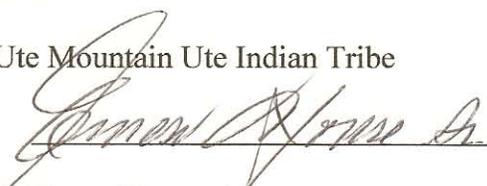
NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and of the other mutual covenants, conditions, provisions, and consideration as set out in the Coal Mining Lease (the "Lease"), the sufficiency of which is hereby acknowledged, Lessor hereby leases exclusively to Lessee, its successors and assigns, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal and Third-Party Coal as defined in the Lease, including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law for a primary term of five (5) years from the Effective Date of the Lease as defined in said Lease, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as provided in the Lease.

This Memorandum is executed for the purpose of providing record notice only, and is not intended, nor shall it be deemed, to modify any of the provisions of the Lease. References should be made to that instrument to ascertain all of the terms, conditions, and covenants thereof, originals of which are in the possession of both Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Memorandum of Coal Mining Lease as of the date first above written.

LESSOR:

The Ute Mountain Ute Indian Tribe

By: 

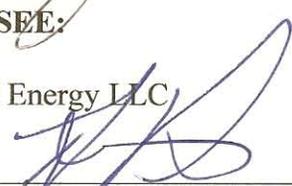
Name: Ernest House, Sr.

Title: Chairman

Date: June 15, 2010

LESSEE:

GCC Energy LLC

By: 
Trent Peterson

Title: Vice President

ch
ms

STATE OF COLORADO)
) SS:
COUNTY OF MONTEZUMA)

The foregoing instrument was acknowledged before me this 15 day of June, 2010, by Ernest House, Sr. as Chairman of The Ute Mountain Ute Indian Tribe, personally known to me.

WITNESS my hand and official seal.

My commission expires: August 2013

Rebecca Root
Notary Public



STATE OF COLORADO)
) SS:
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 11th day of June, 2010, by Trent Peterson, as Vice President of GCC Energy LLC.

IN WITNESS WHEREOF, I have hereunder subscribed my hand and affixed my official seal.

Robert Johnston
Notary Public

My commission expires: 7-11-10



Robert Johnston

EXHIBIT A
To
MEMORANDUM OF COAL MINING LEASE

Made and entered into this 15th day of June, 2010, by and between The Ute Mountain Ute Indian Tribe, whose address is P.O. Box 128, Towaoc, CO 81334, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: E1/2SW1/4, SW1/4NE1/4 and NW1/4SE1/4

Containing 160 acres, more or less



COAL MINING LEASE

THIS COAL MINING LEASE ("Lease") dated this 1st day of September, 2009 ("Execution Date"), by and between Karen Stephens (f/k/a Karen S. McCoy), 27037 Oakmont Drive, Valley Center, CA 92082, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

SECTION 1. EXCLUSIVE LEASE

In consideration of the terms, conditions, and stipulations set forth to be performed and observed by Lessee, Lessor, acting on its own behalf and with the intention of exercising any right, option or power held by it on behalf of any other person or entity, does, to the extent that Lessor now or hereafter owns or controls same, hereby demise, lease and let to Lessee, the sole and exclusive right of mining and removing the coal (the "Leased Coal") from those certain premises described on Exhibit A hereto, and hereinafter referred to as the "Leased Premises," together with the sole and exclusive right to exercise and enjoy all such other rights in or relating to the Leased Premises possessed by Lessor as may be necessary or convenient for the mining, preparation, loading, removal, transportation and shipping of the Leased Coal, Third-Party Coal (as hereinafter defined), including the products and by-products of each, and the reclamation of the Leased Premises in connection therewith in accordance with applicable law.

"Third-Party Coal," as used in this Lease, shall mean any coal mined from any lands other than the Leased Premises.

Subject to the provisions and limitations contained above, Lessee shall have the right to mine the Leased Coal by underground mining methods, including room and pillar, continuous miner, and longwall mining methods, or such other underground mining methods as may be deemed appropriate by Lessee.

Subject to the above limitations, Lessee is hereby granted the right to transport Third-Party Coal through, across or under the Leased Premises, and men, materials, timber, supplies and equipment in connection with mining on, in, or from the Leased Premises or any other lands.

SECTION 2. TERM

The primary term of this Lease shall be for a period of five (5) years from the Effective Date set forth below, and so long thereafter as Minimum Annual Royalty payments are made or so long thereafter as mineable and merchantable coal is produced and removed from the Leased Premises, unless sooner terminated as hereinafter provided. In the event all the mineable and merchantable coal underlying the Leased Premises shall have been mined and removed from the Leased Premises pursuant to the provisions of this Lease and mining operations by Lessee have ceased upon the Leased Premises, then, this Lease shall cease and terminate upon the date when all such coal shall have been mined and removed and such mining operations have ceased. **The indemnification provisions in Section 10 shall survive the termination of this lease.**

As used in this Lease, "mineable and merchantable coal" shall mean coal that can be mined and delivered to market at a reasonable profit to Lessee, using the in-place mining methods and equipment, when reached in the ordinary course of Lessee's operations.

Notwithstanding anything herein to the contrary, the term of this Lease may be extended beyond such date by Lessee to the extent reasonably required by Lessee to continue the operation of any facilities that are useful for the handling or processing of any Third-Party Coal, provided that Lessee shall pay Lessor Haulage Payments as provided in Section 7 of this agreement. Lessee shall also have the right to enter in and upon the Leased Premises after the termination or forfeiture of this Lease, without rental, (i) for the purpose of removing all of Lessee's structures, machinery, equipment and other property from any part of the Leased Premises following the termination of this Lease in accordance with Section 14 hereof and (ii) for the purpose of conducting reclamation activities on the Leased Premises or on any other lands and complying with applicable law, provided that if Lessee exercises its rights pursuant to this sentence, the provisions of Section 9 shall apply during said time.

The Effective Date of this lease shall be the date at which Lessee has secured leases from the owners of 100% of the minerals underlying the Leased Premises. Upon the execution date of this lease, and on every January 1st thereafter until the Effective Date, Lessee agrees to pay \$250 annually in delay rentals for the purpose of obtaining permits and leases from all third parties necessary to lease 100% of the coal interests under the Leased Premises. In no event shall Lessee be obligated to pay any other royalty described in this lease, nor shall Lessee be obligated to commence mining operations until, in Lessee's discretion, Lessee has obtained the necessary governmental permits and has secured leases that would allow it to commence legal mining operations. If, after five (5) calendar years from the Execution Date of this lease, all such leases have not been secured, either Lessor or Lessee may terminate this lease with no further payments due Lessor.

SECTION 3. WARRANTY

Lessor represents and makes the following special warranties and shall defend the Leased Premises against any person claiming the whole or part thereof, by, through, or under the Lessor:

Lessor represents and warrants to Lessee: that Lessor owns an undivided Twelve and one half percent (12.5%) of the mineral interest (to expressly include coal) in and to the Leased Premises; that Lessor's interest in the Leased Premises is free and clear of all liens, claims, encumbrances, royalties, overriding royalties, and payments out of production; that Lessor has the full and exclusive right and power to lease the Leased Premises to Lessee under the terms and provisions of this Lease and to grant the rights granted to Lessee hereunder; and that the Leased Premises are not subject to any agreements contrary to the provisions of this Lease. Lessor also agrees to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged. In the event Lessor is either unable or unwilling to defend the title to the Leased Premises and to the rights granted to Lessee herein if challenged, then, Lessee, at its option, may defend the title to the Leased Premises and to the rights granted to Lessee herein and thereafter deduct the cost of such defense from any Royalty payment due Lessor until fully recouped.

The foregoing provisions in this Section 3 are to constitute a Special Warranty by Lessor as to title defects or encumbrances arising by, through, or under the Lessor. Lessor makes no warranty or representation as to title defects or encumbrances arising by or through Lessor's predecessors in interest of the Leased Premises.

SECTION 4. LESSER INTEREST

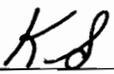
In the event Lessor owns less than the entire fee simple estate in and to the Leased Coal, whether or not such lesser interest is specified herein, all payments of Minimum Annual Royalties, Production Royalties, Haulage Payments, and Minimum Annual Haulage Payments as provided in Section 7, provided for herein, shall be reduced in the proportion that such lesser interest bears to the entire fee simple estate in and to the Leased Coal. Delay rentals as provided in Section 2, shall not be subject to percentage reduction by the foregoing Lesser Interest clause.

SECTION 5. MINIMUM ANNUAL ROYALTY

Upon the Effective Date of this Lease, Lessee shall pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00) for the first lease year. Beginning on January 1, in the year after the Effective Date year, and on each succeeding January 1 during the term of this Lease, Lessee shall also pay to Lessor a Minimum Annual Royalty in the amount of Five Thousand Dollars (\$5,000.00). Each payment shall be made in advance, on the first day of January of each Lease year. Each payment shall hereinafter be referred to as an "Annual Minimum Royalty Payment." Lessee shall have the right to recoup an Annual Minimum Royalty Payment during the same calendar year following the payment, by deducting the amount of such payment from the Production Royalty payments due during the calendar year. If at any time during the term of this Lease, in the opinion of Lessor's engineer or an independent professional engineer mutually acceptable to Lessor and Lessee, upon the request of Lessee, the amount of mineable and merchantable Leased Coal is not sufficient to recoup Minimum Annual Royalties payable to all Lessors of the Leased Premises during a calendar year, then this lease shall terminate under the provisions of Section 2, and the obligation to pay Minimum Annual Royalty shall immediately cease.

SECTION 6. PRODUCTION ROYALTY

During the term of this Lease, Lessee shall pay to Lessor, at the address set forth in Section 18 hereto, or at such other places as Lessor may from time to time designate in writing, a Production Royalty in an amount equal to eight percent (8%) of the gross selling price per ton for the coal mined and sold from the Leased Premises during each calendar month during the term hereof, to be forwarded to Lessor within thirty (30) days from the end of the month to which payment applies.

"Coal" is defined as, without limitation, any and all grades, types, and seams of coal, lignite and the substances contained therein or associated therewith, ~~including coal bed methane in any coal seam encountered by Lessee.~~  The term "ton" referred to herein shall mean 2,000 pounds. 

Subject to the qualification hereinafter stated in this paragraph, "gross selling price" of coal shall, for all purposes under this Lease, be the amount received by Lessee, upon sale thereof, to an unaffiliated third-party purchaser, f.o.b. at the contractual point at which the Leased Coal mined hereunder is sold to such unaffiliated third-party purchaser, without any deduction for selling expenses, sales commissions, or costs incurred for crushing and screening, but with proper deduction for transportation costs incurred in the instances where the f.o.b. contractual point is different than the mine loading point. If Lessee shall consume any of the Leased Coal, or if the Leased Coal is sold to an affiliate of Lessee, the price of the Leased Coal shall not be less than (i) 

the average gross selling price of Leased Coal of comparable quality as is then being sold by Lessee to unaffiliated third-party purchasers, or (ii) if there are no unaffiliated third-party purchasers, the average gross selling price of comparable coal in the open market, adjusted as necessary to establish comparability.

Lessee shall forward to Lessor, on or before the 30th day of each calendar month, a report (i) of revenues for Leased Coal sold from inventory and (ii) of weights of Leased Coal consumed, if any, by Lessee, on a first in, first out basis during the preceding calendar month. Lessee shall keep accurate and correct books of account showing all coal mined, and all coal consumed on, transported, or shipped from the Leased Premises or elsewhere, together with the correct weights and gross selling price thereof, to which books and records Lessor shall at all reasonable times and with reasonable notice have access for verification of statements to be furnished by Lessee for a period of two (2) years from the date of payment.

In the event it shall be necessary or reasonably convenient in mining the Leased Coal to load the same over a tippie or tipples over which other coal is loaded, thereby mixing the Leased Coal with other coal, Lessee shall keep an account of the tonnage of Leased Coal, as well as an account of the tonnage of other coal being loaded over the same tippie or tipples.

If the Leased Coal is mined, processed, stored, and sold separately from all other coals, then, the gross selling price shall be the price received for the Leased Coal as and when sold. In the event that Leased Coal is commingled with other Third-Party coal, then, the gross selling price, as set forth in this Section 6, shall be the gross selling price received for all coal with which such Leased Coal is commingled. Leased Coal shall only be commingled with other coal that is of a quality that may satisfy the same or a similar market.

SECTION 7. HAULAGE PAYMENT

During the Term of this lease as described in Section 2, Lessee agrees to pay FIVE CENTS (\$0.05) for every ton of merchantable Third Party Coal removed and transported through the Leased Premises ("Haulage Payment"). No Haulage Payment shall apply to coal mined from the Leased Premises for which a Production Royalty is paid.

Lessee shall report and pay the Haulage Payment to Lessor in the same manner and time prescribed for reporting of Production Royalties.

If the Term of the lease expires as described in Section 2, but is extended for the purposes of transporting Third Party Coal through the Leased Premises as described in Section 2, then a Minimum Annual Haulage Payment shall be payable as follows. Upon the first transport of Third Party Coal through the Leased Premises after the lease primary term expires or the lease is no longer held by production, and then upon each succeeding January 1 thereafter until the cessation of Third Party Coal transport through the Leased Premises, Lessee shall pay an annual Minimum Annual Haulage Payment of \$1000.00. Lessee shall have the right to recoup an Minimum Annual Haulage Payment during the same calendar year following the payment of same, by deducting the amount of such payment from the Haulage Payments due during the calendar year, so long as this Lease is extended by the transport of Third Party Coal through the Leased Premises.

SECTION 8. TAXES

Lessor will pay all the taxes, levies, and assessments on or in respect of Lessor's ownership of the Leased Premises during the continuance of this Lease. Lessee shall pay any and all taxes due to the State and/or its subdivision for severing, removing, processing, or preparing of said coal, except for taxes on gross or net income of Lessor on receipt of royalties. If Lessor fails to pay the taxes, levies, and assessments set forth above or if there are any taxes or encumbrances due on the Leased Premises, then, Lessee may pay the same and any penalties, or redeem the Leased Premises from a tax sale, and deduct the amount expended due to Lessor's failure to timely pay any taxes, levies and assessments, from any Minimum Annual Royalty or Production Royalty subsequently accruing.

Lessee may, at any time during the continuance of this Lease, at its own cost and expense, and after reasonable notice to Lessor of its intention so to do, contest any of the taxes, levies, or assessments as above provided. In the event of any such contest, Lessee is authorized to proceed in the name of Lessor with respect to the interest of Lessor in the Leased Premises, but Lessee shall indemnify Lessor against any costs, penalties, expenses, or interest charges arising out of such contest.

SECTION 9. METHOD OF OPERATION

Lessee covenants and agrees that when it commences operation in any of the seams leased herein, Lessee will thereafter conduct its operations as a prudent operator and in a careful, skillful, and workmanlike manner, and in compliance with the laws of the State of Colorado and of the United States, and also according to good mining practices and with due regard for the value of the Leased Premises. Minimum Annual Royalty paid hereunder shall be in lieu of any implied covenant of diligent development.

Lessee shall be responsible for complying with all laws and governmental regulations, including environmental laws and regulations, related to or controlling mining and related operations by Lessee, its sublessees and contractors, on the Leased Premises, which responsibility shall survive termination of this Lease. If Lessee violates, or is claimed to have violated, laws or governmental regulations, then, Lessee shall indemnify Lessor and hold Lessor harmless from any penalties, fines, costs, and expenses, including reasonable legal fees and court costs, imposed upon or incurred by Lessor as a result of said claim, violation or violations.

Notwithstanding Lessee's obligation to comply with all laws, rules, regulations and orders as set forth above, Lessor shall not declare a default hereunder solely as a result of one or more operational violations which Lessee cures or abates as promptly as practical. Lessee shall be solely responsible for treatment of any water discharge caused by its operations, if required by present or future law or regulation, which responsibility shall survive termination of this Lease. Lessor shall consent to Lessee's election of post-mining land uses (including post-mining retention of roads and ponds in place to the extent allowed by applicable law) and shall execute all consents, waivers and authorizations reasonably requested by Lessee with respect thereto.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying any and all laboratory analyses made of coal mined from the Leased Premises.

Upon request of Lessor, Lessee shall make available for Lessor's inspection and copying, at all reasonable times and upon reasonable notice, any and all Lessee's correspondence with

government agencies or departments which pertain to the Leased Premises, or to operations undertaken or to be undertaken thereon.

Lessor shall maintain all records furnished or made available pursuant hereto in confidence.

Notwithstanding anything in this Lease to the contrary, Lessee shall be entitled to enter into contract mining agreements and subleases with any mining contractor or sublessee, without Lessor's consent, for mining of the Leased Coal, upon terms and conditions chosen by the Lessee; provided that the Lessee shall remain obligated to the Lessor for compliance with all the terms and conditions of this Lease.

SECTION 10. INDEMNIFICATION AND INSURANCE

Lessee covenants and agrees to indemnify, save harmless, and defend Lessor from and against (a) any and all claims, demands, damage to person or property, actions or causes of action by or on behalf of any person, firm, corporation or governmental body for damages, injuries, deaths, penalties, fines, assessments or otherwise caused by, arising out of, resulting from or as a consequence of, in whole or in part, (i) any acts or omissions of Lessee, its officers, directors, employees, sublessees, contractors, subcontractors, licensees, invitees, engineers, agents, successors, assigns or parent or affiliated corporations or any other persons or entities acting by direct or indirect authority of Lessee, or pursuant to any rights granted in this Lease or (ii) the use and enjoyment of the Leased Premises pursuant to this Lease, and (b) any and all costs, counsel fees, expenses and liabilities reasonably incurred in or about any such claim or action brought thereon. Notwithstanding anything herein to the contrary, Lessee shall not be liable for special, consequential or punitive damages incurred by Lessor, but as between Lessor and Lessee, Lessee shall be liable for special, consequential or punitive damages incurred by unaffiliated third-parties as a result of Lessee's actions on the Leased Premises. **The indemnification described herein shall survive beyond the expiration or termination of this Lease.**

During the term of this Lease, Lessee shall carry, and shall require any sublessees or contractors to carry, with a limit of \$1 million per person and \$2 million per occurrence, general liability, including contractual liability, insurance. Such insurance shall be written on an "occurrence" basis unless the policy is available only on a "claims made" basis, in which case such "claims made" insurance coverage shall be maintained in effect for a period of at least five (5) years after the termination of this Lease, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever shall last occur.

SECTION 11. REMEDIES OF LESSOR

All payments hereunder required to be made by Lessee to Lessor shall be deemed and considered as rent reserved upon contract, and all remedies now or hereafter given by the laws of the State of Colorado for the collection of rent and/or recovery of possession are reserved to Lessor in respect of the sums so payable, and a lien is hereby reserved upon this Lease and the leasehold estate hereby created, to secure the payment of any and all sums.

If default be made by Lessee in the payment of the royalties herein reserved, or in the performance of any of the other terms or conditions hereof required to be kept or performed by Lessee, and such default shall continue for a period of thirty (30) days with respect to the payment of royalties, or sixty (60) days with respect to performance of any of the other terms or conditions,

after written notification thereof has been received by Lessee, then, in such event and as often as the same occurs, Lessor may, at its option, terminate this Lease without any further notice and re-enter upon and take possession of the Leased Premises and hold and possess the same as its absolute property free and clear of any claims of, by, or through Lessee, and pursue any and all other remedies available under the laws of the State of Colorado for violation of any covenant or condition hereof, and all such remedies shall be deemed cumulative and not exclusive. Notwithstanding the foregoing, should Lessor assert a default with respect to the payment of royalties, Lessee shall have the right to challenge that assertion within the prescribed thirty (30)-day period and to withhold the payment asserted to be in default pending resolution as to the validity of Lessor's asserted default in the payment of royalties. Notwithstanding the foregoing, should physical conditions on the Leased Premises prohibit cure of any default by Lessee within respect to the performance of any other terms or conditions within the prescribed sixty (60)-day period, then, Lessee shall be required to have diligently and in good faith commenced curative measures and shall within the sixty (60) days of notice of default advise Lessor in detail in writing as to what physical conditions are prohibiting completion of such cure and setting forth a timetable for such cure. Such notice by Lessee to Lessor shall toll the sixty (60)-day curative time until physical conditions permit completion of curative work in a diligent, good faith fashion. No action by Lessor pursuant to this Section 11 shall impair the right to royalties due or accrued up to the time of termination and re-entry hereunder, but none shall be charged for any period thereafter.

SECTION 12. ASSIGNMENT

Except by operation of law, or as expressly permitted in this Lease, Lessee covenants and agrees that it will not sell, assign, mortgage, pledge or otherwise transfer or encumber (collectively "transfer") this Lease or any rights, interests or estates created by this Lease or all or any portion of the Leased Premises, without having first obtained the written consent of Lessor (which consent shall not be unreasonably withheld, delayed or conditioned) and in the case of an assignment, without obtaining and presenting to Lessor a covenant of assumption by the assignee, wherein such assignee expressly agrees to and with Lessor to assume and be bound by all of the covenants, terms, conditions and provisions hereof to the same extent as if said assignee had been named as the original Lessee. Any transfer of this Lease or any portion thereof to an entity affiliated with Lessee or any sublease of any portion of the Leased Premises shall not relieve Lessee from its obligations to comply with all the covenants, terms, conditions and provisions of this Lease, and to assure that the said assignee or sublessee complies with the covenants, terms, conditions and provisions of this Lease, unless otherwise agreed in writing by Lessor. In the event Lessor consents to any transfer, such consent shall not relieve Lessee and/or any transferee, from securing Lessor's written consent to any further transfer, nor shall any such consent be construed as a consent to any further transfer or as a waiver of any portion of this section or of Lessor's rights hereunder.

SECTION 13. TERMINATION

Lessee may at any time execute and deliver to Lessor a release covering all of the Leased Premises, and thereby terminate this Lease. If this Lease expires or is terminated as to all of the Leased Premises, Lessee shall not be required to pay any Annual Minimum Payments accruing after the effective date of expiration or termination; provided that Lessee shall be fully responsible for all obligations accruing prior to the effective date of the expiration or termination of this Lease. Upon expiration or termination of this Lease, excepts as otherwise provided for in Section 2 above,

Lessee shall peaceably surrender the Leased Premises to Lessor, free and clear of all liens and encumbrances made or allowed by Lessee or in any way arising out of this Lease or Lessee's use of the Leased Premises.

SECTION 14. REMOVAL OF PROPERTY

Lessee, having performed all the terms and conditions of this Lease to be performed by it, may, for a period of twelve (12) months following termination or expiration, remove any and all equipment and personal property owned by Lessee. If the Lessee shall fail to remove any of the equipment and personal property described above within said twelve (12) months, then, the same shall thereupon be and become the absolute property of Lessor. If Lessor becomes obligated to remove equipment or property not removed by Lessee, then Lessee shall reimburse Lessor for the costs incurred by Lessee, including damages and attorney fees, by Lessee's failure to remove such property.

SECTION 15. FORCE MAJEURE

Except for the payment of monetary obligations by Lessee to Lessor, the failure to perform or to comply with any of the covenants or conditions hereof, either expressed or implied, on the part of the Lessee shall not be grounds for cancellation or termination or forfeiture hereof, during such time(s) and in accordance with the following:

(a) If such failure to perform is caused, or compliance is prevented, by storms, droughts or other severe weather, fire, floods, washouts or landslides, unusual mining casualty, damage to or destruction of operating facilities, civil or military disorders, insurrection, strikes, lockouts, industrial disturbances, riots, terrorist incidents, fuel shortages not due to the negligence or lack of diligence by Lessee, judicial orders, litigation or legal actions, laws, orders, rules, regulations, governmental actions, policies or regulations which substantially restrict or inhibit Lessee's operations on the Leased Premises under this Lease, inability to obtain any license, permit or other authorization that may be required to conduct operations on the Leased Premises, acts of nature, or any other cause whatsoever beyond the control of Lessee, and Lessee shall be excused from and not be held liable for, such failure to perform or comply. If Lessee is prevented from engaging in its operations by any such cause, the time of such delay or interruption shall not be counted against the term hereof, anything in this Lease to the contrary notwithstanding, and this Lease shall be extended while and so long as Lessee is prevented from conducting such operations; provided that Lessee shall continue to make any Annual Minimum Payments and/or Production Royalty payments, as appropriate, during any force majeure period. Lessee shall promptly notify Lessor in writing of any event of force majeure after being affected thereby, describe the estimated extent of any delays likely to result therefrom, and shall similarly so notify the Lessor upon cessation of the condition of force majeure.

(b) In the event of a delay caused by force majeure, Lessee shall exercise reasonable diligence to resume its operations pursuant to this Lease as soon as reasonably practicable.

(c) Lessee shall have the right to determine and settle any strike, lockout, or industrial disturbance in its sole discretion, and the aforesaid requirement of exercising reasonable diligence to resume operations shall not require Lessee to accede to any demand or position of any other party involved in such strike, lockout, or industrial dispute.

(d) If, at any time during the term of this Lease, including any extensions hereof, Lessee's operations are determined by Lessee to be uneconomic due to unavailability of a suitable market for the coal from the Leased Premises, prevailing costs of mining, processing or marketing with respect to prices available for coal from the Leased Premises, unavailability of equipment or competent labor, or imposition of governmental statutes, requirements or regulations making it impractical to carry out such operations, Lessee shall have the right, from time to time, to temporarily discontinue operations hereunder. In each such event, Lessee shall, within thirty (30) days of the expiration of each lease year in which such temporary discontinuance occurs, notify Lessor of the total period of each discontinuance during such year and shall continue to make the Annual Minimum Payments as provided herein.

(e) The existence of any event of force majeure shall not relieve Lessee of the obligation to make Annual Minimum Payments in accordance with Section 5 hereof.

SECTION 16. WAIVERS AND RELEASES, ETC.

No waiver, release, modification, or amendment of any of the terms, conditions, or provisions of this Lease shall be valid or relied upon by Lessor or Lessee, unless the same is in writing duly executed by Lessor and Lessee. The failure to exercise any right upon nonperformance shall not be construed as a waiver of the right to insist on subsequent performance of the terms and conditions hereof.

SECTION 17. CONTROLLING LAW

This Lease shall be governed by and construed in accordance with the laws of the State of Colorado, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. The parties submit to the exclusive personal jurisdiction of the courts of Colorado, in respect of any matter or thing arising out of this Lease or pursuant thereto.

SECTION 18. NOTICES

Until written notice of a different address, all notices which are anywhere in this Lease provided to be given shall be effective upon receipt and shall be served upon or mailed to:

As to Lessor: Karen Stephens
27037 Oakmont Drive
Valley Center, CA 92082

As to Lessee: GCC Energy, LLC
P.O. Box 2827
Durango, CO 81302

Notices may also be served via facsimile transmission, provided that the sender has written confirmation that the transmission was successful.

SECTION 19. SUCCESSORS AND ASSIGNS

All covenants, agreements, and conditions herein set forth to be performed by or on behalf of Lessor or Lessee shall bind their respective successors and assigns, whether so expressed or not, and shall inure to the benefit not only of Lessor and Lessee, but also the benefit of their respective successors and assigns; but this Section 19 shall not be construed as in anywise modifying the provisions of Section 12 hereof.

SECTION 20. RECLAMATION

Lessee agrees to perform reclamation activities required under the terms of its permit, the Colorado Mined Land Reclamation Act, the Colorado Surface Coal Mining Reclamation Act, and other applicable local, state or federal laws. The foregoing shall not be construed to confer standing upon Lessor that would not ordinarily be available by provisions of the applicable laws.

SECTION 21. MISCELLANEOUS.

Unless expressly provided for elsewhere in this Lease, this Lease shall be interpreted in accordance with the following provisions:

- (a) Whenever the context may require, any pronoun used in this Lease shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.
- (b) If a word or phrase is defined, its other grammatical forms shall have a corresponding meaning.
- (c) A reference to a person, corporation, trust, estate, partnership, or other entity shall include any of them.
- (d) The headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.
- (e) A reference to legislation or to a provision of legislation includes a modification or reenactment of it, a legislative provision substituted for it, and a regulation or statutory instrument issued under it.
- (f) A reference to a writing includes a facsimile transmission of it and any means of reproducing of its words in a tangible and permanently visible form.
- (g) The words "hereof," "herein," "hereunder," and words of similar import, when used in this Lease, shall refer to this Lease as a whole and not to any particular provision of this Lease, and article, section, subsection, schedule and exhibit references are to this Lease unless otherwise specified.
- (h) The word "including" shall mean including without limitation.
- (i) Exhibit A identified in this Lease is incorporated herein by reference and made a part of this Lease.
- (j) The parties have participated jointly in the negotiation and drafting of this Lease. In the event an ambiguity or question of intent or interpretation arises, this Lease shall be construed as if

drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Lease.

(k) Lessor and Lessee agree to execute and record a short-form or memorandum of lease for the purpose of providing record notice of this Lease. Such memorandum shall be in lieu of recording this lease instrument and both parties agree that this lease shall not be recorded under any circumstances.

(l) This Lease may be executed in counterparts and shall be binding upon the parties executing a counterpart hereof, whether or not other owners of interests in the Lease Premises have not entered into this lease.

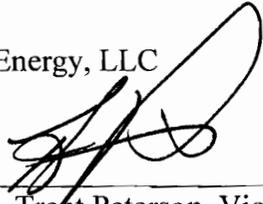
IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their respective representatives thereunto duly authorized, all as of the day and year first above written.

LESSOR:


Karen Stephens (f/k/a Karen S. McCoy)

LESSEE:

GCC Energy, LLC


By: Trent Peterson, Vice President

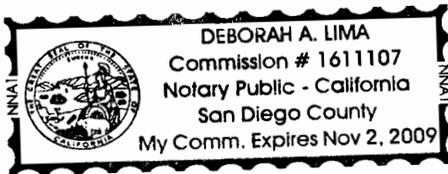
STATE OF State of California)

COUNTY OF County of San Diego) SS:

The foregoing instrument was acknowledged before me this 29 day of September, 2009, by Karen Stephens (f/k/a Karen S. McCoy), personally known to me.

WITNESS my hand and official seal.

My commission expires: 12-09
[Signature]
Notary Public

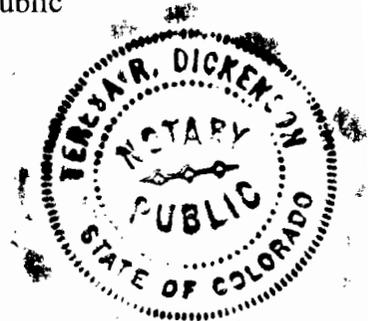


STATE OF COLORADO)
) SS:
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 21st day of September, 2009, by Trent Peterson, as Vice President of GCC Energy, LLC, on behalf of said Limited Liability Company..

WITNESS my hand and official seal.

My commission expires: 12/15/2009
[Signature]
Notary Public



**EXHIBIT A
To
COAL MINING LEASE**

Dated this 1st day of September, 2009 ("Execution Date"), by and between Karen Stephens (f/k/a Karen S. McCoy), 27037 Oakmont Drive, Valley Center, CA 92082, and GCC Energy, LLC ("Lessee"), whose address is P.O. Box 2827, Durango, Colorado 81302.

LA PLATA COUNTY, COLORADO

Township 35 North, Range 12 West, N.M.P.M.

Section 26: E1/2SW1/4

Containing 80 acres, more or less