

OPERATING AGREEMENT

Russell Taylor hereby gives access to Bower Brothers (the Operator) to the following property:

Permit numbers M-2013-006 and M-1981-276. Lands located in Sections 1 through 12 of Township 6 North, Range 95 and Section 6 and 7 of Township 6 North, Range 94 West in Moffat County, Colorado. This property is located south of highway 40 and west of County Road 74 and runs along the east side of the Yampa River.

For the purpose of to explore, remove and stockpile rock, sand and gravel.

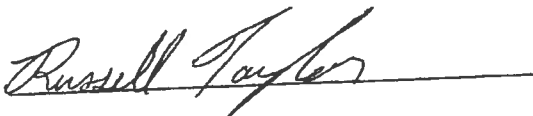
To include all operations necessary to make marketable products. This access will begin its operations in a double pit and shall proceed there from in a solid continuous pattern. The Operator shall have the right to open additional pits as long as this course of action is not capricious. The Operator will have the right to process and remove materials from said property and the right to erect construction of any buildings, plants, structures, equipment, appliances and other facilities which may be convenient or necessary for carrying out the purposes here of upon the property. The Operator shall have the right to use, strip and remove parts of the surface of the property and may be reasonably required in the exercise of the rights granted hereby, including, but not limited to the right to place, pile or dump dirt, refuse or material or substances of any kind normally produced by the type of operation contemplated hereby.


This access shall begin on the date that all necessary permits and bonds are in place and shall extend up to 1/22/23, at which time the agreement will need to be renegotiated.

Royalties are to be paid at \$1.45 per ton during this agreement.

During the agreement the Operator shall seasonably pay any and all ad valorem taxes or other taxes, assessments or license fees upon the property caused or assessed by reason of their operations.

The Operator shall keep and maintain true and accurate accounts of all production hereunder and Rusty Taylor shall be entitled to examine and reproduce the same at all reasonable times and places. Reclamation of the affected portions of the property shall be in accordance with the Colorado Land Surface Reclamation Act, and to applicable Federal laws, if any.

  
Russell Taylor

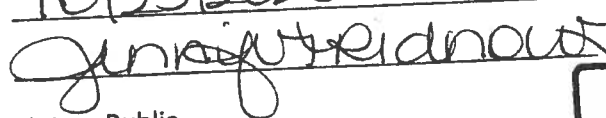
  
Bud Bower Operator  
Bower Brothers

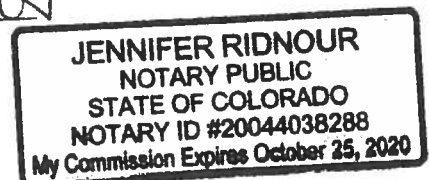
STATE OF COLORADO  
COUNTY OF MOFFAT

The above and foregoing agreement was subscribed and sworn to before me this 10/16/17  
By Russell Taylor.

Witness my hand and official seal.

My commission expires:

10/25/2020  
  
Notary Public



## LEASE AGREEMENT

This agreement is made 1-22-13 by Paul G Hertzog and Rosemary Hertzog (lessors) and Russell D. Taylor (lessee)

Now therefore for and in consideration of the mutual promise, covenants and agreements of the parties hereto and contemporaneously with the execution of this agreement, the receipt and sufficiency whereof is consideration, lessors do hereby leases to lessee the hereinafter described property upon the following described terms and conditions.

1. Property Subject to Lease: Those lands owned by lessors located in Sections 1 through 12 of Township 6 North, Range 95 and Section 6 and 7 of Township 6 North, Range 94 West in Moffat County, Colorado (hereinafter the property). This property is located south of highway 40 and west of County road 74 and runs along the east side of the Yampa River. Except trust property at the northern most portion located at section 63A.

2. Purpose of lease: To explore for, remove and stockpile rock, sand, and gravel. To include all operations necessary to make marketable products.

3. Limitations on leasehold: Lessee will begin its operations in a double pit, and shall proceed therefrom in a solid and contiguous pattern. Lessee shall have the right to open additional pits, so long as this course of action is not capricious.

Lessee shall have the right to process materials removed from the property; however, such processing shall also be confined to a double site. Lessee shall have the right to erect, construct and maintain any buildings, plants, structures, equipment, appliances and other facilities which may be convenient or necessary for carrying out the purposes hereof upon the property. Lessee shall have the right to use, strip and remove parts of the surface of the property and may be reasonably required in the exercise of the rights granted hereby, including, but not limited to the right to place, pile or dump dirt, refuse or material or substances of any kind normally produced by the type of operation contemplated hereby.

In addition, lessee shall have the right to conduct any other business or operations upon portions of the property, which business or operations use products mined and removed from the property. Lessee shall have the right to adjudicate water rights for its use upon the property.

4. Term of lease: this lease shall begin on the date of the issuance of all necessary permits in order to conduct operations and shall continue so long as the terms and conditions hereof are met by lessee, but for a period not to exceed a 10 year period. This lease is non-transferable without written permission from lessor except however if the property described above is sold the lease agreement will transfer to the new owner who will then become Lessor, at which time all monies payable shall go to new Lessor. This lease also supersedes and nullifies any and all preceding leases agreements regarding above mentioned property.

In addition, lessee is given the first right to lease the property for the same of similar purposes for terms commencing at the end of the above term by meeting any bona fide offer to so lease the same, received by lessors from any third person, Should Lessors receive any such bona fide offer ( which offer they are willing to accept, absent the provisions), Lessors shall immediately notify Lessee thereof, and lessee shall have thirty (30) days within which to elect to meet the same and thus to lease the property beyond the initial term hereof. Lessee shall have the right to receive all information and to make all reasonable inquiry concerning the bona fides of such offer.

5. Royalty: Lessee agrees to pay lessors \$1.35 per ton with an (.10) ten cent increase every five years starting from time of permitting process is completed. For any of the first three possibly inactive years a payment of \$1,000 per year will be paid to lessor and this payment may be applied to royalties for that year.

6. Taxes: During the lease term, Lessee shall seasonably pay any and all ad valorem taxes or other taxes, assessments or license fees upon the property caused or assessed by reason of Lessee's operations hereunder.

7. Obligations of lessee: Lessee shall keep and maintain true and accurate accounts of all production hereunder and lessors shall be entitled to examine and reproduce the same at all reasonable times and places. Reclamation of the affected portions of the property shall be in accordance with the Colorado Land Surface Reclamation Act, and to applicable Federal laws, if any.

8. Termination: This lease may be terminated by Lessors for failure of Lessee to observe and perform any of its obligations hereunder and those specified below, if within 120 days of mailing notice of such observance or performance or embark upon and thereafter diligently pursue a course of action designed to cure such default. Lessee will have thirty (30) days only to cure any failure to pay monies due. Upon termination of this lease for any reason, Lessors shall have the right, with reasonable notice, to re-enter and repossess themselves of the property and upon such termination, Lessee shall quit and peaceably surrender the property.

9. Upon termination of this lease for any reason, Lessee shall have a period of 180 days within which to remove any and all buildings, plants, structures, equipment and other facilities placed thereon by lessee, this at no additional cost or expense to Lessee, and shall have the continuing right to complete reclamation work.

10. Notices: Any notice sent hereunder shall be sent to each of the following addresses, directly to the attention of the persons indicted or such person as may hereafter by indicated:

Lessors:

Name	Address
Paul G. Hertzog	<u>P.O. Box 24 Maybell 81640</u>

Rosemary Hertzog

P.O. Box 24 Maybell 81640

Lessee: \_\_\_\_\_

Russell D. Taylor

1135 County Rd. 30 Craig, CO 81625

Either party may change the name or address above by written notice to the other. Notice shall be effective two days after the same has been deposited, certified and postage prepaid, in the United States Mails.

In Witness Whereof, the parties hereto have hereunto set their hands the day and year first above written.

LESSORS:

LESSEE:

Paul G. Hertzog

Paul G. Hertzog

Russell D. Taylor

Russell D. Taylor

Rosemary Hertzog

Rosemary Hertzog

STATE OF COLORADO)

COUNTY OF MOFFAT)

The above and foregoing Lease agreement was subscribed and sworn to before me this 22<sup>nd</sup> of

Jan, 2013 By Russell D. Taylor.

Witness my hand and official seal.

My commission expires: 07/29/13

Lori Gowdy  
Notary Public

