

LAND USE LICENSE NO. 6124

The STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES & CONSERVATION, herein grants **BMP Investments, Inc., 12 East 44th Street, 7th Floor, New York, New York, 10017**, herein called Licensee, a LAND USE LICENSE to occupy and use lands administered by the DEPARTMENT OF NATURAL RESOURCES & CONSERVATION, subject to all of the terms and conditions hereof.

1. DESCRIPTION

A tract or strip of land described as follows:

<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
16	6N	27E	Musselshell
3	6N	26E	Musselshell
16	6N	26E	Musselshell
16	T7N	27E	Musselshell
36	T7N	27E	Musselshell

2. FILING FEE

A fee of Twenty-five and No/100 Dollars (\$25.00) has been paid to the Licensor prior to issuance of this Land Use License.

3. RENTAL

Beginning upon acceptance of this License, and for the term of this License, the Licensee agrees to pay, in advance, a one-time fee of **\$1,000.00** on or before **August 12, 2002**.

4. DURATION

This License shall take effect upon signature of the Area Manager, Southern Land Office and remain in full force and effect up to and including **August 12, 2012**, unless terminated in accordance with Section 13 of this license.

5. LICENSED ACTIVITY

The purpose of this Land Use License is for access for **environmental monitoring, reconnaissance, surveying, measuring, sampling, drilling, air quality monitoring, water quality monitoring, as required by regulatory agencies in the implementation of coal mining activities on adjacent lands.**

6. RECLAMATION OF THE LAND

The Licensee shall take all reasonable precautions to prevent or minimize damage to natural (i.e., vegetation, soil, water, wildlife), and cultural resources within the areas of the Land Use License. Upon cancellation of this License by either party to this agreement, or upon final expiration of agreement, the Licensee shall reclaim the area to the specifications of the Licensor. Such reclamation shall include, but not be limited to the elimination of all trace of disturbances, compaction, and movement of construction

equipment. Licensee shall be required to reseed all disturbed areas with native species of grasses, unless other arrangements are agreed upon between the Licensor and the Licensee in writing. When any action requires disturbance, all soil materials shall be salvaged, safeguarded from loss due to wind or water erosion or machinery activity, and shall be replaced on all disturbed areas.

7. MONITORING SITES

The Licensee will maintain the area within the Land Use License in a neat and orderly manner and will allow no waste or debris to accumulate thereon.

8. WEATHER CONDITIONS

The Licensor reserves the right to restrict or preclude any surface activity during periods of adverse weather and other conditions which may contribute to accelerated erosion, fire hazard, disruption of seasonal wildlife, or any other condition which in the opinion of the Department may have an adverse effect on Trust land. Prior to commencing permitted activities, the Licensee will contact the appropriate Area Office.

9. NOXIOUS WEEDS

The Licensee shall be responsible for controlling any noxious weeds introduced by Licensee's activity on state-owned land. The Licensee's methods of control must be reviewed by the Department of Natural Resources & Conservation Area Field Office that has jurisdiction for that locale. The Licensee shall comply with the Montana County Noxious Weed Management Act, Section 7-22-2101 et.seq., as follows:

The Licensee shall notify the local weed board that is responsible for that geographical area in which the project is located. If the Licensee disturbs vegetation for any reason, Licensee shall be required to revegetate the disturbed area. The Licensee shall submit to the local weed board a written plan specifying the methods to be used to accomplish revegetation. The plan must describe the time and method of seeding; fertilization, recommended plant species, use of weed-free seed, and the weed management procedures to be used. This plan is subject to approval by the local weed board, and therefore must be signed by the chairman of the board.

Failure to abide by these provisions may result in the cancellation of the License.

10. LIABILITIES

The Licensee agrees to assume responsibility for fires that may result from use of the authority given here and shall defend and save the Licensor and Licensor's Surface Lessee(s), **CM Schenk Trust; David and Carol Kubus; Adolphus A. Busch Trust; PU Ranch, Inc.; or Fred H. Johnson;** harmless from all claims and lawsuits that may result from any and all damages, injury or death to persons and/or

property that occur upon or about said land caused by or arising out of Licensee's use of the subject area hereunder. The Licensee further agrees that they will be responsible for any damages to the surface lessee's property or leasehold interests that may be caused when entering, crossing, or leaving state-owned subject land.

11. LIMITATION OF AUTHORITY

Other than for the purposes specifically described in this agreement, the Licensee agrees that it does not, and shall not claim at any time any interests or estate of any kind or extent whatsoever in the premise by virtue of this License or their occupancy or use hereunder.

12. SPECIAL STIPULATIONS

- Licensee shall be responsible for maintaining all gate closures as they are found on property boundaries and within the state land;
- Licensee shall be responsible for preventing and/or repairing any damage caused to any existing improvements (fences, wells, pipelines, etc.) on the state land;
- Licensee shall be responsible for preventing and/or repairing any damage to existing roads on the state land, and all road construction or reconstruction will incorporate Best Management Practices concepts and techniques;
- Licensee shall be responsible for notifying DNRC and lessees prior to conducting significant drilling, vehicle, or personnel operations on the state land;
- Licensee shall be responsible for reporting and protecting any archaeological sites discovered as a part of the activities on state land.

13. TERMINATION OF LAND USE LICENSE

The Licensor reserves the right to terminate the permission hereby granted at any time by giving the Licensee no less than ten (10) days written notice of such termination, except that the Licensor may terminate the permission forthwith at any time, if Licensee fails to comply with, or abide by, each and all of the provisions hereof, or ceases to use the permission hereby granted.

Dated this 12th day of August, 2002.

BY: [Signature]
(Licensee/Authorized Agent)

(Department of Natural Resources & Conservation Use Only)

APPROVAL OF LICENSE

BY: [Signature]
Robert A. Harrington
Area Manager
Southern Land Office

8-12, 2002
Date Approved

MONTANA DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

AMENDMENT
TO
LAND USE LICENSE NO. 6124

AMENDMENT NO.: 01

LAND USE LICENSE NO. 6124 originally issued to **BMP Investments, Inc.**, 12 East 44th Street, 7th Floor, New York, NY 10017, for the purpose of **access for environmental monitoring, reconnaissance, surveying, measuring, sampling, drilling, air quality monitoring, water quality monitoring, as required by regulatory agencies in the implementation of coal mining activities on adjacent lands.** This License is hereby amended as follows:

The License will transfer from BMP Investments, Inc. to Signal Peak Energy, LLC, 100 Portal Drive, Roundup, MT 59072.

Section 3. RENTAL

Beginning upon acceptance of this amendment, and for the term of this License, the Licensee agrees to pay, in advance, a one-time fee of one thousand five-hundred and no/100 dollars (\$1,500.00) and a twenty five and no/100 dollars (\$25.00) application fee for a total amount due of one thousand five-hundred twenty-five and no/100 dollars (\$1,525.00).

Section 4. DURATION

This License shall take effect upon signature of the Southern Land Office Area Manager and remain in full force and effect up to and including 28 February 2022, unless terminated in accordance with Section 13 of this License.

Section 10. LIABILITIES

The Licensee agrees to assume responsibility for fires that may result from use of the authority given here and shall defend and save the Licensor and Licensor's Surface Lessees, **Terry and LaVonne Frost; Industrial Properties, Inc.; Sallie B. Wheler Revocable Trust; and Twin Beaches, LLC**, harmless from all claims and lawsuits that may result from any and all damages, injury or death to persons and/or property that occur upon or about said land caused by or arising out of Licensee's use of the subject area hereunder. The Licensee further agrees that they will be responsible for any damage caused when entering, crossing or leaving state-owned subject lands.

Section 12. SPECIAL STIPULATIONS

1. Licensee shall be responsible for maintaining all gate closures as they are found on property boundaries and within the state land.

2. Licensee shall be responsible for preventing and/or repairing any damage caused to any existing improvements (e.g., fences, wells, pipelines, etc.) on the state land.
3. Licensee shall be responsible for preventing and/or repairing any damage to existing roads on the state land, and all road construction or reconstruction will incorporate Best Management Practices concepts and techniques.
4. Licensee shall be responsible for notifying the DNRC Southern Land Office (406-247-4400) and impacted surface lessees prior to conducting significant drilling, vehicle or personnel operations on the state land.
5. Licensee acknowledges that the sole right of access to the state land for the purposes as provided herein is through authorization of this license and that no other claim or assertion for continued access shall be made in the event of termination of this license, unless other authorization is secured from DNRC, in writing, prior to such access.
6. The Licensee hereby accepts the rights, duties, and obligations inherent in original Land Use License No. 6124 and those provided under terms of this amendment.

The addendum is to be attached to and made part of the Land Use License. All other terms and conditions remain in full effect.

John M. DeMichie
John M. DeMichie, President and CEO
Signal Peak Energy, LLC

11/7/12
Date

Matt Wolcott by Jeff Bellman
Matt Wolcott, Area Manager
Southern Land Office

11/26/12
Date