

**APPLICATION FOR WATER ALLOTMENT CONTRACT
BASALT WATER CONSERVANCY DISTRICT**

1. Applicant(s) Name(s): *Lafarge West, Inc.
Sean Fzisch, Land Manager
Walter Wright, Environmental Manager*
Applicant(s) Mailing Address: *10170 Church Ranch Way, Suite 200
Westminster, CO 80021*

Applicant(s) Street Address: *86 County Road 104
Carbondale, CO 81623*

Applicant(s) Telephone No(s): *Walt Wright: 303-657-4466
Sean Fzisch: 303-657-4334*

Applicant(s) E-mail Address: *Walter.Wright@Lafarge-na.com
Sean.fzisch@lafarge-na.com*

Attorney Info (Name, Address, Telephone and Fax Nos., E-mail):
*Nicole D. Garrimone 427th St., Suite 100 P: 970-947-1936
Garfield and Hecht, P.C. Glenwood Springs, CO 81601 F: 970-947-193*

Emergency Contact Information (preferably local) (Name, Address, Telephone and Fax Nos.): *Dan Knox Phone: 970-215-4329
3794 County Rd. 109 Fax: 970-963-4137
Carbondale, CO 81623*

Contact Information (Name, Address, Telephone and Fax Nos.) of any property manager, caretaker, irrigator, system operator or agent who should be provided a copy of this contract: *Walt Wright Phone: 303-657-4466
10170 Church Ranch Way, Suite 200 Fax: 303-657-4339
Westminster, CO 80021*

2. Type of land use (development) proposed for water allotment contract (i.e. single family home, subdivision, gravel pit, etc.)

Gravel Pit

- 3. Legal description of property on which District's water rights and/or contract water shall be used; Quarter, Quarter, Section, Township, Range (attach map and vesting deed with proof of ownership)*: *Please see 'exhibit A' of the attached lease agreement.*

- 4. Elevation zone of property: X 6-7,000 ft., _____ 7-8,000 ft.,
8-9,000 ft.

5. Name and legal description of water supply diversion point(s): include Quarter Quarter, Section, Township, Range, bearing and distance from nearby Section corner. (Identify if well, spring, pipeline, etc.) If diversion point is a well, please provide the State Permit No. _____.

Is the well operational/active? _____ Yes, No

Is there currently an operating well meter? _____ Yes, No

Notice: A valid well permit with operating well meter will be required under the contract.

6. Has Applicant applied with the Water Court for water rights, change of water rights and/or a water right plan for augmentation? _____ Yes, No; If yes, what is the Water Court Case No.

- 7. Proposed waste water treatment system: (please check)

_____ Tap to central waste water treatment facility

Septic tank/leachfield system

_____ Evapotranspiration system

_____ Other:

8. Proposed use of water (please check)

_____ Domestic/Municipal (single family home(s), duplex(s), condominium(s), mobile home(s), apartment). Please complete page three of this application.

_____ Commercial (hotel, office, warehouse, restaurant, bar, retail). Please complete page four of this application.

Industrial (gravel pit, manufacturing). Please complete page four of this application.

_____ Agricultural (crop irrigation, stock watering). Please complete page five of this application.

- Date on which the county or other applicable governmental entities approved the land use for which you seek legal water service: currently under review. (Note: Copy of the Resolution of other documentation evidencing such approval should be submitted with application.)

- 9. What other water rights are associated with or used on the property?

Ditch rights are available through the lease agreement (see attached lease, Sec. 6) allowing up to 29.3 ac/a to be available.

10. What other uses of water occur on the property?

- Concrete Production

- Domestic

- Dust Control

- Truck Washing

Please complete this page if you checked domestic/municipal use on Page 2, No. 8

DOMESTIC/MUNICIPAL WATER USES

In-House

| | |
|-----------------------------------|------------------------------|
| Single family residential home(s) | Number of Units: _____ |
| Duplex(s) | Number of Units: _____ |
| Condominium(s) | Number of Units: _____ |
| Apartment(s) | Number of Units/Rooms: _____ |
| Mobil Home(s) | Number of Units: _____ |

Irrigation (lawns, parks, open space)

Total area to be irrigated _____ Sq. Ft. or _____ Acres

Type of irrigation system (please check)

_____ Sprinkler

_____ Flood (irrigation ditch)

Domestic stock watering (cattle, horses)

Number of animals:

Period of use (months):

Other domestic/municipal uses not listed:

Please complete this page if you checked commercial or industrial use on Page 2, No. 8

COMMERCIAL WATER USES

In-House

Hotel: _____

Office(s), square footage: _____

Warehouse/distributor, square footage: _____

Retail, square footage: _____

Restaurant, number of seats: _____

Bar, number of seats: _____

Irrigation (lawns, parks, open space)

Total area to be irrigated _____ Sq. Ft. or _____ Acres

Type of irrigation system (please check)

_____ Sprinkler

_____ Flood (irrigation ditch)

Other Commercial Uses Not Listed:

INDUSTRIAL WATER USES

- Please describe your industrial development in some detail: *See attached Applegate memo discussing water use types and volumes.*

Irrigation (lawns, parks, open space)

- Total area to be irrigated _____ Sq. Ft. or < 70 Acres

Type of irrigation system (please check)

X _____ Sprinkler

X _____ Flood (irrigation ditch)

will be a mix during mining + reclamation

Please complete this page if you checked agricultural use on Page 2, No. 8.

AGRICULTURAL WATER USE

Irrigation

Type of crop(s) (pasture, alfalfa, beans, etc.) and irrigation system:

Crop: _____ Acres: _____ Sprinkler: _____ Flood:

Crop: _____ Acres: _____ Sprinkler: _____ Flood:

Crop: _____ Acres: _____ Sprinkler: _____ Flood:

Crop: _____ Acres: _____ Sprinkler: _____ Flood:

Stock Watering (cattle, horses)

Number of animals:

Months of use:

Other agricultural uses not listed:



August 12, 2010

Mr. Corey Hansen
Lafarge North America, Inc. – Western U.S. Region
10170 Church Ranch Way, Suite #200
Westminster, CO 80021

Re: Revised Augmentation Water and Cost Estimate for Cerise Ranch Pit

Dear Corey:

Per your request, we revised our original evaluation of the estimated consumptive use for mining at the proposed Cerise Ranch Pit and the associated costs for augmentation water, dated November 15, 2008. The revised analysis increases the estimated aggregate and concrete production at the site to 500,000 tons and 100,000 cubic yards, respectively. It also reduces the anticipated exposed surface area to zero acres, indicating that no groundwater will be exposed at the site. The remaining estimates regarding dust control, truck washing, and domestic use are considered accurate and were not changed.

1. Mining Assumptions & Operational Consumptive Uses

| | Assumption | Annual Water Use Requirement |
|-----------------------------|--|-------------------------------------|
| Aggregate Production | 500,000 tons | 14.7 acre-feet |
| Concrete Production | 100,000 CY | 15.3 acre-feet |
| Dust Control | 400,000 gallons/month <i>(for 8 months)</i> | 9.8 acre-feet |
| Truck Washing | 20,000 gallons/month <i>(for 8 months)</i> | 0.5 acre-feet |
| Domestic | 5,000 gallons/month | 0.2 acre-feet |
| Exposed Surface Area | 0 acres | 0 acre-feet |
| Total | - | 40.5 acre-feet |

Based on these assumptions, Lafarge's mining operations will require approximately 40.5 acre-feet of augmentation water. Augmentation water will be required year round, except for May

and June when there are no senior calling rights according to the Powers Pit decree. The timing of estimated mining consumptive use is:

- Summer estimated mining consumptive use (July through September): **13.3 acre-feet**
- Winter estimated mining consumptive use (October through April): **18.4 acre-feet**

2. Augmentation Water & Costs

We understand the owners of the Cerise Ranch own 5.85 cfs of the Basin Ditch, which could be used for summer augmentation. The Basalt Water Conservancy District (Basalt WCD) also provides leases of augmentation throughout the year. Currently, the Basalt WCD leases water for industrial purposes at a rate of \$220 per acre-foot per year with an initial \$600 application fee. There are two options for Lafarge: 1) Use a combination of the ditch right and a lease, or 2) Use a lease year-round.

The first option available to Lafarge for augmentation is a combination of a lease with the Basalt WCD and historic use credit from the Basin Ditch. We do not know the historic irrigation practices on the Cerise Ranch with the Basin Ditch. We completed an estimate of the historic consumptive use credit using only the State Engineer Office's (SEO) diversion records. From this estimate, we assumed the Basin Ditch could provide summer augmentation from May through September. We cannot determine the number of acres to dry-up for augmentation without more detailed information. We assumed the lease rate to the Cerise Ranch for summer augmentation credit would be \$150 per acre-foot a starting point for negotiations.

This option will require further evaluation of the historic consumptive use. Lafarge will have to divert and return the portion of the Basin Ditch used for augmentation to the Roaring Fork River. The SEO is also likely to require installation of a measuring device to maintain records of diversions and returns of the Cerise Ranch's ownership in the Basin Ditch for augmentation.

The second augmentation option available to Lafarge is to lease water from the Basalt WCD throughout the year. This option simplifies the future substitute water supply plan and reduces the need for measuring devices. The two options are summarized in the table below.

| | Augmentation Plan Description | Consumptive Use Credit Per AF: \$150 | Basalt WCD Lease | | Total Estimated Cost |
|----------|--|---|------------------|-------------------------------------|----------------------|
| | | | Fees: | Application: \$600 Per AF: \$220 | |
| Option 1 | Summer: consumptive use credits Winter: lease | \$1,990 | | \$4,658 | \$6,648 |
| Option 2 | Summer: lease Winter: lease | 0 | | \$7,576 | \$7,576 |

The least expensive option would be Option 1, which is a combination of historic consumptive use credit from Basin Ditch and a lease with the Basalt WCD. However, this option will also

Mr. Corey Hansen
RE: Revised Augmentation Cost Estimate for Cerise Ranch
August 12, 2010
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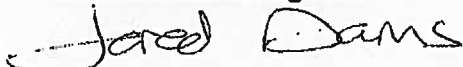
include more evaluation of the Basin Ditch and installation of a return structure and measuring device to be used during the operating life of the site.

Option 2 provides a certain year round augmentation supply at a lease rate set by the Basalt WCD. Neglecting the initial application fee, it is more expensive by approximately \$330 per year. A lease throughout the year simplifies the SWSP and also eliminates any Lafarge staff time to monitor and record the diversion and return of the Basin Ditch.

Please consider this revised planning information for the Cerise Ranch site. If you have any questions or need further information, please contact me at (303)-452-6611 ext. 8720 or email jareddains@applegategroup.com.

Cordially,
Applegate Group, Inc.

Jared Dains, E.I.
Water Resource Engineer



JMD/ta

cc: AG File No. 05-105

Cerise Ranch Pit Water Use and Lagging Estimate
Lafarge West, Inc.

Prepared by: Applegate Group, Inc.
AG Job #: 05-105
Date: 10/27/2010

| Lagging Assumptions | | |
|--------------------------------------|--------|--------|
| Distance from well to river (X): | 2,400 | feet |
| Distance from river to boundary (W): | 4,700 | feet |
| Transmissivity (T): | 50,000 | gpd/ft |
| Specific Yield (S): | 0.2 | |

| Operational Assumptions | | |
|------------------------------|-----------|---------|
| Annual Aggregate Production: | 500,000 | tons |
| Annual Dust Control Use: | 3,200,000 | gallons |
| Annual Truck Washing Use: | 160,000 | gallons |
| Annual Concrete Production: | 100,000 | CY |
| Exposed Groundwater Area: | 0.0 | acres |

| Month | Operational Losses | | | | | | | | | | Domestic | | | Evaporative Losses | | Total Water Use (acre-feet) | Steady-State Lagged Well Depletions (acre-feet) |
|--------------|----------------------------------|--|------------------------------|---|-------------|-------------------------|-------------|---------------------------------|--------------------------------|------------------------------------|--------------|---------------------------|-------------|----------------------|----------------------------|-----------------------------|---|
| | % of Annual Aggregate Production | Washed Sand & Gravel Production (tons) | Moisture Loss 4% (acre-feet) | Dust Control of Roads/Crusher (gallons) | (acre-feet) | Truck Washing (gallons) | (acre-feet) | % of Annual Concrete Production | Concrete Plant Production (CY) | Concrete Plant Water Use (gallons) | (acre-feet) | Domestic Supply (gallons) | (acre-feet) | Exposed Area (acres) | Evap 2.5 ft/yr (acre-feet) | | |
| January | 0% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 3.3% | 3,333 | 166,667 | 0.51 | 5,000 | 0.02 | 0.0 | 0.00 | 0.53 | 3.40 |
| February | 0% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 3.3% | 3,333 | 166,667 | 0.51 | 5,000 | 0.02 | 0.0 | 0.00 | 0.53 | 2.71 |
| March | 6.25% | 31,250 | 0.92 | 200,000 | 0.61 | 10,000 | 0.00 | 3.3% | 3,333 | 166,667 | 0.51 | 5,000 | 0.02 | 0.0 | 0.00 | 2.06 | 2.74 |
| April | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.00 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.62 | 2.68 |
| May | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.06 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.68 | 3.11 |
| June | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.06 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.68 | 3.27 |
| July | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.06 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.68 | 3.58 |
| August | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.06 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.68 | 3.71 |
| September | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.06 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.68 | 3.70 |
| October | 12.50% | 62,500 | 1.84 | 400,000 | 1.23 | 20,000 | 0.06 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 4.68 | 3.93 |
| November | 6.25% | 31,250 | 0.92 | 200,000 | 0.61 | 10,000 | 0.03 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 3.11 | 3.84 |
| December | 0% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 10.0% | 10,000 | 500,000 | 1.53 | 5,000 | 0.02 | 0.0 | 0.00 | 1.55 | 3.79 |
| Total | 100% | 500,000 | 14.72 | 3,200,000 | 9.82 | 160,000 | 0.40 | 100% | 100,000 | 5,000,000 | 15.34 | 60,000 | 0.18 | 0.0 | 0.0 | 40.46 | 40.46 |

Notes:
Operational assumptions (including seasonal variation of aggregate and concrete production) provided by Lafarge personnel.
Lagging performed using the AWAS tool.

GRAVEL PROPERTY LEASE

THIS AGREEMENT, dated this 30th day of June, 2009 (the "Lease"), by and between the CLIFFORD CERISE RANCH CO., L.L.P., a Colorado limited liability limited partnership, the mailing address of which, for purposes of this Agreement, is 0086 County Road 104, Carbondale, CO 81623 ("Lessor") and LAFARGE WEST, INC., a Delaware corporation, the mailing address of which, for purposes of this Agreement, is 3794 County Road 109, Glenwood Springs, Colorado 81601 ("the Company").

WITNESSETH

In consideration of the sum of [REDACTED] paid by the Company upon execution of this Agreement to Lessor, the receipt and sufficiency of which is hereby acknowledged by Lessor, and on and subject to the terms and conditions provided in this Lease, Lessor hereby leases, lets and demises to the Company the Materials as defined herein, in, on and under the real property situate in Garfield County and described in Exhibit A attached hereto and made a part of this Lease (hereinafter referred to as the "Property"), and the exclusive right to sample, drill, and test for, develop, mine, quarry, extract, process, sell, use and remove them during the Term of this Lease, along with the right to locate and operate and/or sublease aggregate, temporary asphalt plants and one stationary or temporary concrete plant and with associated easements as provided herein.

1. Definitions.

A. Lease Year shall mean a period of one year beginning on the date which the Lease is executed by Lessor or on any annual anniversary thereof.

B. Materials shall mean stone, sand and gravel and any overburden and valuable solid minerals, other than hydrocarbon minerals such as coal, oil, gas and associated liquid hydrocarbons, that are removed incident to sand and gravel operations hereunder and which are saleable and recoverable from the Property in the course of such operations.

C. Permits shall mean all permits, authorizations and approvals from federal, state, county and local governmental authorities and regulatory agencies having jurisdiction necessary to allow the Company to conduct operations for mining, processing and sale of Materials from the Property.

D. Plant shall mean a portable and/or fixed facility for processing, storing, washing, sorting, handling loading and shipping of Materials, along with ancillary facilities, and shall also mean a concrete or temporary asphalt batch plant.

E. Recycle Material shall mean used asphaltic or concrete material removed from a job site and deposited on the Property by or at the direction of the Company in connection with asphalt paving jobs or concrete projects performed by the Company using products containing sand and gravel aggregate on which a Sand and Gravel Fee will become payable.

F. Sand and Gravel Fee means a Sales Royalty pursuant to Paragraph 3.A for sand and gravel aggregate Materials produced from the Property or the Import Fee for sand and gravel Materials brought onto the Property, payable pursuant to Paragraph 3.D.

G. Waste Material means asphaltic or concrete material produced using sand and gravel aggregate on which a Sand and Gravel Fee is payable that is produced and then returned to the Property as unneeded or unused for the job or project for which it was produced.

2. Term. The Term of this Lease shall be an initial period of fifteen (15) years commencing on the 30 day of June, 2009, and ending on the last day of June, ~~2023~~ ("Term"). Provided the Company is conducting commercial mining operations in 2022, and provided further that the Company shall have commenced production operations prior to the end of the seventh Lease Year, the Company may obtain an extension of the Term for five years (5) after the end of the initial Term by providing and recording written notice to Lessor at least 60 days prior to the end of the initial Term. Commercial mining operations shall be deemed to exist on the Property unless there is a total cessation in extraction or processing operations of Materials from the Property for a period in excess of one year. The period of extension of the initial Term shall likewise be considered to be within the Term of this Lease.

3. Sales Royalties and Import Fee.

A. Sales Royalty. Subject to Paragraphs 3.B. and 4, for all Materials sold from the Property during each calendar month, the Company shall pay to Lessor a royalty ("Sales Royalty") at the rate of [REDACTED] per sales ton of 2,000 pounds (the "Base Royalty") within twenty (20) days after the close of such calendar month.

B. Adjustment. The royalty rate shall be adjusted every year on the first day of the month following the anniversary of the date this Lease becomes effective (the "Adjustment Date"). The basis for this adjustment shall be the Producer Price Index—Construction Sand/Gravel/Crushed Stone—Series ID No. WPU 1321, published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"). The adjusted royalty shall be determined by dividing the monthly Index last published before such Adjustment Date by the monthly Index last published when this Lease becomes effective and then multiplying the quotient by the Base Royalty so as to increase or decrease the Sales Royalty rate per ton beginning on the first Adjustment Date and each subsequent Adjustment Date thereafter based on such calculation. The foregoing ratio of Indexes shall be calculated on data with base year 1982 = 100 until the Bureau of Labor Statistics publishes data with a new base period. If the Index just described or one reasonably similar thereto is no longer published, then an index or adjustment accomplishing as nearly as practical the result which would have been obtained by using the stated Index if it had been available shall be selected by agreement of the parties hereto.

C. Payment Records. The Company shall keep and maintain adequate and accurate records of the quantities of Materials mined and sold. The Sales Royalty payments shall be accompanied by a monthly statement with the royalty calculation that includes an accounting of the

tons of Materials mined from the Property and sold or deemed sold pursuant to Paragraph 5.C. for the month. Lessor shall have the right at all reasonable times during business hours and upon reasonable prior notice to examine such records of the Company at the offices of the Company, and to verify the quantities of Materials removed, and sold and the accuracy of the scales used to weigh the Materials through testing and observation.

D. Import Fee. Subject to Paragraph 3.E, if the Company chooses to import aggregate Materials from other sources or to import Recycle Material, the Company shall pay a fee of [REDACTED] per ton of aggregate Materials or Recycle Material imported, processed and sold or used in the Company's Plant ("Import Fee"). Any Import Fee shall become payable upon sale or other removal of the imported Materials or Recycle Material from the Property and payment of the Import Fee shall then be due at the same time as payment of Sales Royalty would be due under Paragraph 3.A. The rate stated in this Paragraph D for the Import Fee shall be subject to adjustment on each Adjustment Date in the same manner as is set forth in Paragraph 3.B. for Sales Royalty. The Import Fee shall be subject to the same payment records requirements set forth in Paragraph 3.C. The Company shall not stockpile or store more than 60,000 tons of imported unprocessed material on the Property at any time without Lessor's prior written consent.

E. Materials Not Subject to Import Fee. The Company shall not be required to pay an Import Fee on Waste Material returned to the Property if a Sand and Gravel Fee was previously paid on the Waste Material.

4. Annual Payments.

A. Bonus/Rental. The initial [REDACTED] paid to Lessor at the time this Lease becomes effective shall be deemed "signing bonus" and shall apply to maintain the Lease in effect for the first Lease Year, commencing on the date this Lease becomes effective. Provided the Company has complied with its diligence obligations under Paragraph 7.A.i, if, at the end of the first Lease Year, the Company has not acquired all necessary Permits that allow the Company to begin production and sale of Materials, the Company may either continue the Lease in force and effect for a second Lease Year by paying Lessor an additional sum of [REDACTED] at least 30 days prior to the end of the first Lease Year, or may terminate the Lease without obligation to make any further annual payments. If all necessary Permits are not acquired by the end of the second Lease Year the Company may continue the Lease in effect for a third Lease Year and, if necessary, for a fourth Lease Year, by payment of the sum of [REDACTED] per Lease Year as rent (plus the Advance Minimum Royalty described in Paragraph 4.C.i, below) at least 30 days prior to the end of the applicable Lease Year for which the extension is sought, or the Company may instead terminate the Lease without obligation to make any further annual payments.

B. The signing bonus and any annual [REDACTED] payment to extend the Term of the Lease under Paragraph 4.A, above, if required Permits have not been obtained are considered non-refundable and are not considered as Advance Minimum Royalty. Additional annual payments under Paragraph 4.C.i shall be considered Advance Minimum Royalty.

C. Advance Minimum Royalties.

i. Prior to obtaining Permits, if the Company extends the Lease for a third Lease Year and, if necessary a fourth Lease Year, in addition to the annual rental paid pursuant to Paragraph 4.A for those Lease years, the Company shall also pay, at the time of payment of the rental, an Advance Minimum Royalty of [REDACTED] for the Lease Year.

ii. In addition to any Advance Minimum Royalty paid pursuant to Paragraph 4.C.i, Advance Minimum Royalty shall be paid annually at the rate of [REDACTED] for each Lease Year, commencing the earlier of:

a. The date all necessary Permits that allow the Company to begin production and sale of Materials have been obtained and prior to the commencement of production and sale of Materials from the Property, in which case the first Advance Minimum Royalty shall be prorated based on date Company obtains all necessary Permits, or

b. The commencement of the fifth Lease Year if the Company has not terminated the Lease.

iii. The Advance Minimum Royalty shall be increased to the rate of [REDACTED] per Lease Year for each Lease Year:

a. That begins after the commencement of production and sale of Materials from the Property, or

b. Commencing the sixth Lease Year if production has not yet commenced and Company has not terminated the Lease.

iii. Other than the payment made upon execution of this Lease and any annual payment pursuant to Paragraph 4.A, above, all annual payments made to keep the Lease in effect shall be deemed Advance Minimum Royalty recoverable against Sales Royalty as provided below in this Paragraph; however no Advance Minimum Royalty shall be refundable once paid.

iv. The cumulative amount of Advance Minimum Royalty the Company is required to pay during the Term of this Lease shall in no event exceed the lesser of:

a. [REDACTED]; or

b. the equivalent of the Sales Royalty (using the Base Royalty rate) on [REDACTED] of the mineable and permitted quantity of the Materials that the Company determines are economically recoverable and salable from the Property (after processing and allowing for rejection of tailings), based upon calculations in accordance with recognized industry standards and practices. If the base volume of

feed tons changes from the time this Lease is executed to the time production of Materials begins due to Permit restrictions, recalculations, third party interests or similar changes in the existing mine plan, then the maximum cumulative amount of Advance Minimum Royalty the Company is required to pay during the Term of the Lease shall be adjusted using the above formula and new base feed ton volume.

v. The Advance Minimum Royalty payment for a Lease Year shall be due on or prior to commencement of that Lease Year. Amounts paid as Advance Minimum Royalty shall be credited as an advance payment of and applied to reduce Materials tonnages otherwise subject to the Sales Royalty pursuant to Paragraph 3.A, based upon the tonnage associated with the royalty rate in effect at the time the Sales Royalty is accrued. Sales Royalties paid pursuant to Paragraph 3.A, after taking into account Advance Minimum Royalties paid pursuant to this Paragraph, shall be applied in succeeding years to reduce amounts subsequently payable as Advance Minimum Royalty. If Import Fees become payable pursuant to Paragraph 3.D, the Company at its option may credit Advance Minimum Royalty not previously applied against the Import Fees otherwise due. Upon termination of this Lease for any reason, the obligation to make Advance Minimum Royalty payments shall likewise terminate except as to payments that became due prior to termination.

5. Weighing of Materials; Commingling. For purposes of calculation of Sales Royalty and/or Import Fees, quantities of Materials removed from the Property on which a Sand and Gravel Fee (whether Sales Royalty or Import Fee) is due will be measured as follows:

A. Use of Scales. All Materials shall be weighed on a certified scale upon sale and removal from the Company's Plant site. If Materials on which a Sand and Gravel Fee is due are mixed with non-excavated materials (for example, in case of mixing sand and gravel with water and Portland cement in the concrete batch Plant), then for the purpose of calculating the Sand and Gravel Fee, the weight of the Materials used in the mixture will be determined using the certified scales at the batch Plant that measure the weight of the materials that comprise the mixture and deducting the weight of the added non-excavated materials, if necessary. Subject to Paragraph 5.D, below, the weight of Imported Materials and Recycle Materials used in concrete or other mixed products sold from the Property shall be calculated in the same manner as newly excavated Materials.

B. Scale Adjustments. Accuracy of the scale shall be checked and adjustments made at least as often as required to continue to be certified. Records of the accuracy check and adjustments shall be preserved and made available in the same manner as other records.

C. Commingling. Subject to Paragraph 3.D, the Company may commingle Materials extracted from the Property with Materials extracted and removed from other properties. In order to fairly and properly allocate production between properties from which commingled Materials are extracted, the pit-run Materials extracted from each property shall be weighed prior to commingling on certified conveyor belts scales upon removal from the relevant property. Records will be kept as to the tonnages removed from each property, and the total production for each calendar month will be attributed to each property pro-rata, after adjustment of the total tonnage of pit run from all properties for washed fines and tailings pursuant to Paragraph 5.F. below. Materials

from one property added to a stockpile at any time during a calendar month shall be deemed added simultaneously and pro rata with Materials from any other Property. The quantity of Materials determined to be in the stockpile as of the commencement of any calendar month shall be deemed sold and removed, on a first-in first-out basis, prior to the sale of any Materials added to the stockpile during a subsequent calendar month. The Company's measurement and determination shall be initially conclusive, but subject to audit by Lessor.

D. Accounting: Records. Recycle or Waste Material shall be weighed upon delivery or return to the Property, with the quantity and type of material being recorded. Products containing reprocessed Recycle Material or Waste Material shall be weighed upon leaving the Property in the same manner as other products containing sand and gravel aggregate. As the Recycle Material is used by the Company, records shall be kept of quantities in order to permit Lessor to verify the amount of Recycle Material brought onto the Property, used for asphalt or concrete production, and removed from the Property as new production or otherwise. Recycle Material and Waste Material may be commingled in a single stockpile with new Materials only after being weighed and properly accounted for. Withdrawals from any such stockpile for production of new asphaltic or concrete products shall be deemed to be on a "first-in first-out" basis for determining when payment of any Import Fee or other Sand and Gravel Fee for Materials included in the commingled stockpile becomes payable.

E. Ownership. Recycle Material and Waste Material shall be the property of the Company. As deemed necessary by the Company, the Company shall bring in crushing equipment to crush the Recycle Material or Waste Material.

F. Allowance for Tailings. Tonnage for purposes of calculation of Sales Royalty shall be based on processed Materials sold. If Materials are not being commingled from separate properties, then the tonnage sold shall be calculated pursuant to Paragraph 5.A. above. If due to commingling, Materials are weighed as pit run before processing and sale by the Company pursuant to Paragraph 5.A. above, the weight of tailings and washed fines shall be deducted from the total pit run weight of the Materials attributed to each property for purposes of calculating Sales Royalties. Both parties agree that as much as approximately fifteen percent (15%) of the minable *in situ* (in place, in the ground) sand and gravel onsite may need to be rejected as washed fines or tailings or otherwise in order to meet commercial specifications for salable Material. If rejected mined Materials exceed twenty five percent (25%) of total tonnage mined, the Company shall pay Sales Royalty on the percentage of tonnage of rejected Materials that exceeds fifteen percent (15%) of total tonnage of Materials mined. Materials that are deemed non-economic to mine shall not be included in the foregoing calculation, which pertains only to Materials mined, processed and rejected.

6. Water. During the Term of this Lease, and until reclamation of the Property is completed, Lessor shall make available the water and water rights yielding, on average, at least 29.3 acre feet per year listed in the November 18, 2008 report of Applegate Group, Inc., attached hereto as Exhibit B. If the total available yield of the Exhibit B water rights is reduced due to senior calls or physical availability, the 29.3 acre feet shall be proportionally reduced. If in any year, such water rights do not yield at least 29.3 acre feet due to senior calls or physical unavailability, or if, for any other reason, additional water or water rights are required, the Company shall provide at its sole cost and

expense such additional water required to satisfy the requirements of state law including, without limitation, the requirements of CRS 37-90-137(11). The Company shall be responsible for obtaining a temporary substitute supply plan or augmentation plan for use of such water, which shall make adequate provision for evaporative losses, wash plant operations, dust control and any other uses of water as part of the mining operation. The Company will not expose groundwater as part of the mining operation or final reclamation plan, and, conditioned upon the Company's compliance with its obligation not to expose groundwater, shall not be required to apply for a permanent augmentation plan to cover any evaporative losses resulting from mining operation after termination of operations under the Lease. The Advance Minimum and Sales Royalties payable hereunder take into account the value of the water and water rights of Lessor to be used hereunder, and such water and water rights shall be supplied by Lessor at no additional cost to the Company. All water rights of Lessor used by Lessee pursuant to this Paragraph shall revert to Lessor upon termination of this Lease for any reason. Any wells or other diversion or storage structures constructed or installed by the Company in order to use water rights supplied by Lessor or appropriated from Lessor's property by the Company shall become the property of Lessor upon termination of this Lease. Water and water rights obtained by the Company from sources other than Lessor, including without limitation augmentation water purchased or contributed by the Company for operations under this Lease, shall be and remain the property of the Company upon termination of this Lease and the Company shall have no obligation to convey or make such water or water rights available to Lessor unless the Company fails to comply with its obligation not to expose groundwater as part of its operations or reclamation.

7. Operations.

A. Upon mutual execution of this Lease:

i. The Company shall commence and continue reasonably diligent efforts to obtain all Permits necessary for the Company to conduct its operations on the Property as contemplated by this Lease. Such diligent efforts shall specifically include the submission to the applicable county planning authority of a conceptual or initial phase application with required initial submittals for the use of the Property for the purposes contemplated by this Lease and the reasonably diligent prosecution of such application and all other required Permits thereafter.

ii. The Company shall have the right to enter upon the Property while its efforts in connection with the Permits are proceeding in order to conduct such further drilling, bulk sampling, test pitting, material testing, investigation of the environmental condition of the Property and such other inspections of the Property as the Company deems relevant to its operations. If any of said activities conducted by the Company cause damage or injury to the Property the Company shall restore the Property to its original condition prior to any termination of the Lease, at the Company's sole cost.

iii. If, despite its reasonable diligent efforts, any Permit required for operations cannot be obtained or can be obtained only on conditions not acceptable to the Company in its sole discretion, or if the Company's inspection of the Property reveals any condition that

renders the Property unsatisfactory in the Company's sole good faith determination for its sand and gravel or Plant operations, then the Company may give notice of such fact to Lessor and, upon the giving of such notice, this Lease shall terminate and neither party shall have any further obligation to the other.

B. The Company shall conduct its operations on the Property in a prudent and workmanlike manner and in accordance with good and accepted mining and business practices and in compliance with all applicable federal, state and local laws, rules and regulations and all applicable Permits. The timing, nature, manner and extent of mining operations, processing and sales shall be within the sole discretion of the Company, and the Company shall not be required to mine, preserve or protect in its operations any Materials which, under good mining practices, cannot be mined or sold at a reasonable profit to the Company at the time they are encountered.

C. The Company shall have the right to construct, maintain, and use roads, pipe lines, power lines, telephone lines, and stockpile areas and any right-of-way it deems necessary or desirable for its operations on the Property related to the Company's operations under this Lease. The Company shall have the right during the Term of this Lease and without payment to Lessor (except for Sales Royalties and Import Fees payable pursuant to Paragraph 3 and rental and Advance Minimum Royalties payable pursuant to Paragraph 4) to strip and remove overburden and otherwise to use and occupy the Property as is reasonably required in connection with mining, quarrying, extracting, processing (including tailings-washed fines storage facilities), storage, transportation, sale and removal of Materials from the Property and from other properties on which the Company is conducting operations. The conceptual mine phasing plan demonstrating the presently contemplated sequence in which mining will occur as to various portions of the Property attached hereto as Exhibit C is mutually agreeable to the parties. Such phasing plan is incorporated into this Lease. The parties recognize and acknowledge, however, that the phasing plan is subject to revision as warranted by Permit requirements, actual site and mining conditions and market and other economic conditions. To the extent shown on Exhibit C, the Company shall have the right to construct, maintain, and use roads, pipe lines, power lines, telephone lines, and stockpile areas it deems necessary or desirable for its operations on the Property related to the Company's operations under this Lease.

D. The Company shall have the right to construct and maintain Plants on the Property at locations selected by the Company, and Lessor agrees that the Company shall have full right of access for the construction, use and maintenance of the Plants and for stockpiling Materials processed or to be processed, whether from the Property or (subject to Paragraph 3.D) from other properties on which the Company is conducting operations. Any access easements and the location and alignment or realignment of any conveyor shall be agreed upon by the Lessor, which agreement shall not be unreasonably withheld. Any access easement and conveyor easement shall be 50 feet in width. Any conveyor easement shall include but not be limited to the right to construct, operate, maintain, repair and remove a conveyor system and similar, related or incidental improvements for purposes of transporting Materials across the Property. The Company shall have the right to place washed fines in mined out areas at no additional cost to Company under this Lease.

E. The Company shall consult with Lessor with respect to all Permit applications, plans and designs of the Company; provided, however, that all final decisions on mine plans, operations, reclamation, Permits and other plans of operations shall be in the Company's sole discretion and control. The Company agrees to reasonable efforts to investigate and negotiate with the Lessor mutually beneficial reclamation plans and other operations utilizing the Company's equipment and expertise that will accommodate, facilitate and enhance Lessor's development of the Property and use thereof after completion of the Company's operations.

F. Lessor hereby authorizes the Company, at the Company's expense and in Lessor's name, if required, to apply for zoning classifications, variances or exceptions, and governmental approvals, Permits, licenses or rights related to and required for the Company's operations hereunder, and agrees to cooperate with the Company in obtaining such approvals and to execute or join in applications, plats and other documents which are required to obtain the same that are reasonably required in connection with the operations that are contemplated under this Lease; provided, however, the Company shall provide bonds or other financial assurance for its operations, including for the restoration, reclamation or rehabilitation of the Property, as may be required or advisable to obtain such Permits and approvals.

G. Subject to Paragraph 7.H, below, in planning and conducting its operations on the Property, the Company will work with Lessor to minimize damage to crops and the oil and gas operations potentially conducted on the Property.

H. Lessor shall have the right in the future to continue farming operations on the Property during the Term of this Lease, if and to the extent that those operations do not interfere in any manner with the Company's current or planned operations. Any farm lease hereafter entered into shall be made expressly subject to the Company's rights hereunder, and the Company shall have no obligation to pay Lessor or any farm tenant for damage to crops, provided the Company has given at least eight (8) months prior notice of its intent to utilize identified portions of the Property for its mining and processing operations. If the Company shall undertake operations that damage or destroy crops and shall have failed to provide eight months prior notice of such operations, the Company shall pay Lessor or the farm tenant the reasonable value of any crops growing on the Property which are destroyed or damaged by operations conducted by the Company on the Property under this Lease. The Company shall fence its areas of operations to prevent the intrusion of livestock.

8. Liabilities.

A. The Company shall defend, indemnify and hold harmless Lessor from and against any and all claims, demands, judgments, and liability, including reasonable attorneys fees and expert fees, by or to any and all third parties resulting from the acts or omissions of the Company or its agents, representatives, officers, employees, lessees and contractors in, on or about the Property.

B. Lessor shall defend and indemnify and hold harmless the Company and the Company's agents and employees from and against any and all claims, demands, judgments and liability, including reasonable attorneys fees and expert fees, by or to any and all third parties in any

way related or connected to the use or operations of Lessor on the Property while this Lease is in effect, or the presence of Lessor or Lessor's farm tenants, agents, employees, licensees or invitees on the Property.

C. The Company shall defend, indemnify, and hold harmless Lessor from any and all liability resulting from its operations hereunder pursuant to all local, state and federal environmental laws, ordinances, rules and regulations, including but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601 *et seq.*) and the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), as any of such laws, ordinances, rules and regulations have been or are amended from time to time.

D. The foregoing indemnifications shall all survive the termination of this Lease. The indemnity provisions set forth in this Lease shall apply to amounts paid in settlement of a claim by an indemnified party only if such settlement is approved by the indemnifying party, which approval shall not be unreasonably withheld.

9. Insurance.

A. The Company shall maintain at its sole expense and at all times statutory Worker's Compensation Insurance coverage as required under the laws and regulations of the State of Colorado for all its officers and employees who perform work for the Company hereunder.

B. The Company shall purchase, at its sole expense, and shall maintain at all times the following minimum insurance protection covering Company's operations on the Property and naming Lessor as additional insured:

- i. Comprehensive General Liability in the amount of \$2,000,000 combined single limit;
- ii. Employer's Liability Insurance in the amount of \$2,000,000 each occurrence;
- iii. Automobile Liability Insurance in the amount of \$2,000,000 combined single limit; and
- v. Adequate and reasonable insurance for other risks ordinarily insured against in similar operations.

C. The insurance coverages listed in Paragraph 9.B. shall be periodically evaluated to assure that minimum coverages customary in the industry and applicable to new operations by the Company are in place also as to this Lease and the Property.

D. The Company agrees that it shall require all independent contractors, contractors and subcontractors who perform work in connection with the Property to have similar and adequate insurance in full force and effect.

10. Title.

A. Lessor warrants that Lessor owns the surface estate and the Materials within the Property, and Lessor agrees to defend said title against all adverse claims of those claiming by, through or under Lessor. Lessor does not warrant ownership of mineral rights other than the Materials or any portion of the mineral estate, or claims of record other than those created or suffered by, through or under Lessor.

Lessor has supplied the Company with a copy of Title Commitment No. 903110-C2 from Stewart Title of Colorado, Inc. for the Property ("Title Commitment"), copies of all instruments referenced or giving rise to exceptions or requirements in the Title Commitment and copies of all existing surveys, plans, abstracts, reports or other documents in Lessor's possession or control relating to the Property (collectively, the "Title Documents"). The Company hereby approves the legal description of the Property set forth in Schedule A to the Title Commitment and those exceptions to title expressly set forth in Exhibit D attached hereto, as disclosed by the Title Commitment ("Permitted Exceptions), and agrees to accept leasehold title thereto subject to the Permitted Exceptions. If the Company hereafter determines that Lessor's title to the Property and Materials is not good and marketable due to matters not listed as Permitted Exceptions, the Company shall so notify Lessor in writing, in which case Lessor, at Lessor's cost, shall correct the specified title defects. If any such title defects which render the title unmarketable or adversely affect the Company's right to mine are not cured within sixty (60) days after receipt of such notice, the Company, at its option, may terminate this Lease without any further obligation to Lessor or, at its option, may resolve the adverse claim and deduct the costs incurred from payments otherwise due Lessor. The Company shall, as part of such termination, have the right at its option to have any and all prepaid royalties not offset by Production Royalties (but not bonus or rental previously paid) refunded to the Company.

~~B. Without regard to the warranties of title to Materials given to the Company by Lessor, if Lessor own less than one hundred percent (100%) of the Materials under all or any portion of the Property, then the amounts payable to Lessor hereunder as bonus, rental, Advance Minimum Royalty payments and Sales Royalties shall be reduced in the proportion that the interest of the Lessor in the Materials bears to one hundred percent (100%) of the Materials within the Property.~~

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C. Lessor shall not enter into any new oil and gas leases or other new agreements regarding oil and gas operations of the Property during the Term of this Lease, except under conditions which prohibit surface entry or occupancy and interference in any manner with the Company's operations on the Property. With respect to new wellsites and other surface facilities under existing oil and gas leases, Lessor shall promptly notify the Company of any notices or requests by an oil and gas operator regarding surface use and hereby authorizes the Company to use reasonable efforts to obtain understandings with the oil and gas lessees or operators to minimize impact of such wellsites and other surface facilities on the Company's sand and gravel operations on

the Property. Lessor shall reasonably cooperate with requests by the Company for assistance in the Company's efforts to negotiate surface use agreements with the oil and gas operators relative to existing leases.

D. Lessor represents that the Property constitutes a legal lot under applicable law and that no subdivision approval is required for the Company's operations on the Property or for the granting of this Lease.

11. Right of First Offer. If during the Term of this Lease, Lessor desires to sell the Property or the surface estate of the Property, or Lessor receives an unsolicited bona fide offer to purchase the same or any of Lessor's right, title or interest in or to this Lease, and Lessor desires to accept such offer, Lessor must first offer that interest to the Company and negotiate in good faith with the Company for a period of 30 days to sell the interest to the Company before offering the interest to any third party or entering into a contract with any third party for transfer of the Property or interest.

12. Taxes. During the Term of this Lease, the Company shall pay when due all ad valorem property taxes assessed on the production, severance or extraction of Materials from the Property. In addition, the Company shall pay all personal and real property taxes assessed against machinery, tools, equipment, supplies, buildings, improvements, pipelines, stockpiles of Materials, and other property and/or fixtures placed by Company on the Property. Lessor shall pay all other real property taxes on the Property and on any improvements thereon, including without limitation, improvements that Lessor installs on the Property for Lessor's own purposes, and any taxes attributable to the Sales Royalty or to Lessor's farming operations.

13. Labor and Materials. The Company agrees to keep the Property free and clear of liens, charges, claims or demands arising from the Company's operations hereunder and to promptly pay for all labor performed on the Property and for all supplies, materials, and equipment used or placed on the Property. The Company shall defend, indemnify and hold harmless Lessor from and against any and all claims, charges, demands, causes of action, damages and liability, including reasonable attorneys fees and expert fees, that arise from or are connected to the acts or omissions of the Company hereunder or to those of its contractors, subcontractors, employees, officers, agents or lessees in regard to providing labor and acquiring or installing materials, equipment and supplies for operations under this Lease. The Company may contest in good faith any lien; provided that the Company shall not allow title to the Property or any portion of it to be lost.

14. Termination.

A. Lessor shall have the right at Lessor's option to terminate this Lease if the Company fails to perform any of its obligations hereunder as follows:

i. If the Company fails to make any payments when due hereunder, Lessor may at Lessor's option give the Company written notice of such failure and the Company shall have twenty (20) days from the date it receives notice to pay the amounts

owed to Lessor. If the Company fails to pay the past due amounts to Lessor within the twenty (20) day period, Lessor may at Lessor's option declare the Company in default and terminate this Lease.

ii. If the Company defaults in the performance of any obligation hereunder other than the obligation to make payments when due, Lessor may at Lessor's option give written notice of such default to the Company, and the Company shall have thirty (30) days from the date it receives such notice to cure the default. If the Company fails to cure the default within the thirty day period, Lessor may at Lessor's option terminate this Lease; provided, however, that if the default is minor and the default can be fully compensated for in damages, then such default shall not be a basis for cancellation or forfeiture of this Lease or any of Company's rights hereunder if the Company pays the full amount of damages within thirty (30) days after demand by Lessor. If, through no fault of the Company, such failure is impracticable to correct within the 30-day period, Lessor shall have no right to terminate this Lease if the Company commences in good faith to correct the failure and provided that the Company diligently pursues and completes the correction within a reasonable time.

B. The Company shall have the right, at its option, to terminate this Lease at any time during the Term by giving at least sixty (60) days prior written notice to Lessor. Lessor shall not be entitled to receive additional compensation after the date of termination, other than any and all royalties due.

C. Upon termination of this Lease for any reason, the Company shall continue to be liable for the performance of all obligations and the satisfaction of all liabilities to Lessor including, but not limited to, the payment of royalties which have accrued prior to the date of termination and the compliance with all laws, regulations, and Permit conditions that apply to the Property and the operations on the Property including, but not limited to all reclamation, environmental and land use laws, regulations and Permit conditions. The obligation to pay Advance Minimum Royalty that would otherwise accrue after the date of termination of the Lease shall end upon Lease termination.

D. Upon termination of this Lease with respect to all or any part of the Property, the Company agrees to furnish Lessor with a document reasonably satisfactory to Lessor verifying such termination and release of Lease. If this Lease terminates without the Company having successfully obtained Permits satisfactory to allow it to commence operations, the Company shall provide Owner with all documents and materials submitted in connection with the Permits or referenced therein. Any documents and materials so supplied shall be supplied "as-is, with all faults" and without any warranty whatsoever, including without any warranty of merchantability or fitness for a particular purpose, and the Company expressly disclaims and shall have no liability to Owner or any third party in connection with Owner's use of any such documents or materials.

E. Upon termination of this Lease by the Company for any reason, all sums paid hereunder to Lessor shall remain the property of Lessor and shall not be recoupable or refundable

except to the extent that they have already been recouped or refunded as of the effective date of termination, or except as expressly provided Paragraphs 10.D, above.

15. End of Term. The Company shall have the right for one year from the date of the expiration or termination of this Lease to dismantle and remove machinery, equipment, improvements, and other facilities installed or constructed on the Property by the Company and also to sell and remove Materials then stockpiled on the Property, subject to its obligation to pay Sales Royalties pursuant to Paragraph 3.A. The Company shall not mine any additional Material following expiration or termination of this Lease.

16. No Development Covenant. There is no implied covenant or obligation of the Company to explore, develop or mine the Property or to sell Materials. The Company may maintain this Agreement in effect for its Term and any allowed extensions by making the payments set forth herein.

17. Restoration of Property. The Company shall not commence any extraction or processing operations on the Property until the amount and type of security for performance of reclamation on the Property has been set by the Colorado Division of Reclamation, Mining and Safety ("DRMS") and the Company has posted the required financial assurance with the DRMS. Within two (2) years after the expiration or earlier termination of this Lease, the Company will restore the Property to the condition required by law and by the applicable Permits and approvals required for the Company to conduct operations hereunder. Following the expiration or termination of this Lease for any reason, Lessor covenants that Lessor will not extract or allow others to extract Materials until (i) Lessor or others effect the transfer of the DRMS Permit to their names for reclamation or rehabilitation of the Property and (ii) the release of any security or bond provided by the Company to secure its performance or discharge its responsibilities. Unless Lessor desires to continue operations to extract Materials (either by Lessor or through an operator, representative, or other lessee), the Company shall have the right to access and enter the Property and to effect on the Property such restoration, rehabilitation and reclamation as may be required to discharge the responsibilities which the Company has assumed pursuant to its Permits and under Paragraph 7.E and to procure the release of any bond or other financial assurance provided by the Company.

If for any reason the Company shall not complete reclamation of the Property in accordance with the DRMS reclamation permit, the Company shall be liable to Lessor for all of Lessor's costs and expenses incurred to complete the reclamation under this Lease, including, without limitation, those costs and expenses associated with re-entering and re-taking possession and all of Lessor's reasonable attorney's fees and costs. Company shall pay Lessor on demand any amounts so expended by Lessor. Lessor's rights under this paragraph shall not be Lessor's exclusive remedy in the event of Company's failure to complete its reclamation work in accordance with this Lease. All of Lessor's rights under this paragraph shall be cumulative, together with any and all other rights, remedies and claims available at law or in equity.

18. Assignment. Assignment of this Lease by the Company requires the prior written consent of the Lessor, which will not be unreasonably withheld; except that the Company shall have

the right at any time, without consent, to assign or transfer its rights and interests under this Lease to any entity controlling, controlled by or under common control with the Company, and the Company shall have the further right, without consent, to assign or transfer its rights and interests under this Lease in connection with the sale or transfer of all or substantially all of its assets in western Colorado to a financially responsible third party. The provisions of this Lease shall extend to and be binding upon the heirs, personal representatives, successors, assigns and sublessees of Lessor and the Company. The Company shall have the right to subcontract with others for the performance of exploration, development and mining work hereunder, subject to all terms of this Lease, but no such subcontract shall relieve the Company of its obligations to Lessor hereunder.

19. Notice. Notices of default or of cancellation or termination of this Lease and all other notices required or permitted hereunder shall be given by personal delivery or by registered or certified mail, postage prepaid, addressed to the parties as follows:

If to the Company:

Lafarge West, Inc.
3794 County Road 109
Glenwood Springs, CO 81601

with a copy to

Lafarge West, Inc.
Land Department
10170 Church Ranch Way, Suite 200
Westminster, CO 80021

If to Lessor:

Clifford Cerise Ranch Co., L.L.L.P.
0086 County Road 104
Carbondale, CO 81623

20. Condemnation. If the whole or any part of the Property shall be taken by any public authority under the power of eminent domain at any time during the Term of this Lease, Lessor and the Company shall each be entitled to share in the award to the extent of their respective interests in the Property with respect to any taking. In the event only a portion of the Property is taken, and if notwithstanding such taking the Company will be able to continue to conduct its business in the remainder of the Property in substantially the manner it was being conducted immediately prior to such taking, this Lease shall cease only as to the part taken. If, however, by reason of the condemnation there is not sufficient property left in or upon the Property for the Company to conduct its business in substantially the manner in which it was being conducted immediately prior to such taking, then and in such event this Lease shall terminate. All condemnation awards on account of the interest of the Lessor shall be paid to the Lessor and all awards on account of Company's leasehold

interest shall be paid to Company. The allocation of any lump sum award for any taking between Lessor and Company shall be made by agreement between them, if possible, or if the parties cannot agree, then by arbitration pursuant to Rules of the American Arbitration Association, taking into account (i) the value of Lessor's interest in the property affected by such taking and under this Lease, and (ii) the value of Company's interest therein under the Lease.

21. Non-Business Day Deadlines. If a date for notice, performance or payment falls on a holiday or weekend, the time for performance or payment shall be extended to the next business day, and if notice, performance or payment has occurred on such weekend or holiday or after 5:00 p.m. on any business day, it shall be deemed to have occurred on the next business day.

22. Confidentiality; Recording. The parties agree that the terms and conditions of this Lease are confidential and shall not be disclosed to any third party without the consent of the other. Neither party shall record this Lease without the consent of the other. The parties agree to execute a short form lease for recording to provide record notice of this Lease without disclosing the economic terms hereof. Company shall record a release within 30 days of the Lease being terminated.

23. Headings. The headings of the Paragraphs of this Lease are for convenience of reference only and are not a part of the substantive provisions of this Lease.

24. Further Instruments. Each party hereto shall from time to time execute and deliver such further instruments as the other party or its counsel may reasonably request to effectuate the intent of this Lease.

25. Entire Agreement. This Lease contains the entire agreement between the parties hereto, and neither it nor any part of it may be changed, altered, modified, or limited orally or by any agreement between the parties unless such agreement be expressed in writing, signed, and acknowledged by the Lessor and the Company, or their respective heirs, personal representatives, successors and assigns.

26. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Lease.

27. Authorization. Each party warrants and represents to the other that such party has taken all actions necessary to make this Lease a valid obligation binding upon the party, and that all requirements of any applicable charter, ordinance, statute, or constitutional provision regarding the approval and execution of this Lease have been met. Each party further warrants and represents that each person signing this Lease on its behalf is duly authorized to sign this Lease and to bind that party to the covenants and obligations stated in this Lease.

28. Negation of Partnership. Nothing in this Lease shall be construed to render the Lessor in any way or for any purpose a partner, joint venturer or associate with Company or to make any legal relationship other than that of lessor and lessee, nor shall this Lease be construed to authorize either to act as agent for the other unless expressly stated to the contrary in this Lease.

29. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of Colorado. The parties agree that jurisdiction and venue shall be proper and any action shall be brought in the courts of Garfield County, Colorado.

30. Attorney Fees. In any action or proceeding between the Lessor and Company concerning this Lease, the nonbreaching party (as determined by the judge or other presiding official) shall be entitled to recover reasonable attorneys fees and costs in amounts determined by that presiding official in addition to any other remedies authorized by this Lease and applicable law.

31. Time is of the Essence. Time is of the essence in all aspects and provisions of this Lease, including without limitation payment of all amounts to be paid by Company to Lessor.

IN WITNESS WHEREOF, this Gravel Property Lease has been duly executed as of the date first above written.

LESSOR:

CLIFFORD CERISE RANCH CO., L.L.L.P.

By: Robert S. Cerise
Robert S. Cerise, General Partner

By: Toni S. Cerise
Toni S. Cerise, General Partner

By: Michael B. Cerise
Michael B. Cerise, General Partner

LESSEE (THE COMPANY):

LAFARGE WEST, INC.

By: [Signature]
Exec. Manager Lafarge West, Inc.
(Title)

EXHIBIT A

LEGAL DESCRIPTION

That portion of Lot 13 lying North of State Highway No. 82 in Section 25 Township 7 South, Range 88 West, 6th P.M.

LESS AND EXCEPT that portion of land claimed by the Department of Transportation, State of Colorado by Rule and Order recorded August 5, 1993 in Book 871 at Page 404 as Reception No. 450847.

Lots 4 and 12 in Section 25, Township 7 South, Range 88 West, 6th P.M. together with all that certain property lying south of a line situated in Section 25, Township 7 South, Range 88 West as more fully described in Deeds and Agreement recorded August 27, 1992 in Book 840 at Page 330 as Reception No. 438400.

LESS AND EXCEPT all that certain property lying north of a line situated in Section 25, Township 7 South, Range 88 West as more fully described in Deeds and Agreement recorded August 27, 1992 in Book 840 at Page 330 as Reception No. 438400.

LESS AND EXCEPT any portion of the subject property which lies within the right of way for County Road 104.

LESS AND EXCEPT that portion of land claimed by the Department of Transportation, State of Colorado by Rule and Order recorded August 5, 1993 in Book 871 at Page 404 as Reception No. 450847.

Lots 7, 8, 9 and 10 in Section 26, Township 7 South, Range 88 West, 6th P.M.

LESS AND EXCEPT a tract of land conveyed to David S. James by Deed dated November 5, 1907 recorded as Document No. 37532 in Book 79 at Page 95 of the Garfield County records.

LESS AND EXCEPT a tract of land conveyed to Anthony Pings by Deed dated February 3, 1917 recorded as Document No. 57960 in Book 100 at Page 608 of the Garfield County records.

LESS AND EXCEPT a tract of land conveyed to The Bailey Family Investment Company, L.L.L.P. by Deed dated July 29, 1997 recorded August 6, 1997 as Reception No. 511996.

LESS AND EXCEPT a tract of land conveyed to State Department of Highways, Division of Highways, State of Colorado by deed recorded February 7, 1974 in Book 455 at Page 451 as Reception No. 261734.

LESS AND EXCEPT the tracts of land conveyed to The Department of Highways, State of Colorado, recorded June 14, 1973 in Book 446 at Page 8 as Reception No. 258755.

LESS AND EXCEPT any portion of the subject property which lies within the right of way for County Road 103.

LESS AND EXCEPT that portion of land claimed by the Department of Transportation, State of Colorado by Rule and Order recorded August 5, 1993 in Book 871 at Page 404 as Reception No. 450847.

LESS AND EXCEPT that portion of land claimed by the Department of Transportation, State of Colorado by Rule and Order recorded April 5, 1990 in Book 776 at Page 50 as Reception No. 411308.

COUNTY OF GARFIELD
STATE OF COLORADO

**Note: The complete property legal description is subject to Exhibit C
Conceptual Mining Phasing Plan (attached heretofore)**

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EXHIBIT D

PERMITTED EXCEPTIONS

1. Water rights, claims or title to water.
2. Taxes for 2009 and subsequent years.
3. The effect of inclusions in any general or specific water conservancy, fire protection, soil conservation or other district or inclusion in any water service or street improvement area.
4. Reservations or exceptions contained in U.S. Patents, or in Acts authorizing the issuance thereof, recorded May 9, 1898 in Book 12 at Page 485 and recorded November 27, 1900 in Book 12 at Page 549 and recorded in Book 71 at Page 331 as Reception No. 34667 reserving 1) Rights of the proprietor of a vein or lode to extract and remove his ore therefrom and 2) rights of way for ditches and canals constructed under the authority of the United States.
5. Reservation of undivided 2/3 interest in and to all oil and/or gas produced from said lands as reserved in the instrument recorded October 25, 1938 in Book 192 at Page 285, together with the appurtenant rights to use the surface.
6. Permanent Easement recorded in Book 446 at Page 11 as Reception No. 258756.
7. Holy Cross Electric Association Easement and Right of Way recorded June 21, 1973 in Book 446 at Page 161 as Reception No. 258840.
8. Right of Way Easement to Rocky Mountain Natural Gas Company as described in Decree recorded June 24, 1991 in Book 806 at Page 922 as Reception No. 424696.
9. All matters shown on maps of Rocky Mountain Natural Gas Co., recorded April 30, 1991 as Reception No. 423181 and recorded January 23, 1992 as Reception No. 431021.
10. Resolution No. 91-041 recorded May 7, 1991 in Book 803 at page 704 as Reception No. 423366.
11. Lack of each and every right or rights of access to and from any part of the right of way of the Colorado State Highway No. 82 as set forth in Rule and Order recorded August 5, 1993 in Book 871 at Page 404 as Reception No. 450847.
12. Easement recorded November 10, 1993 in Book 881 at Page 695 as Reception No. 454978.
13. Right of way for all ditches and creeks crossing subject property, including but not limited to Crystal Spring Creek.