



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

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www.nmstatelands.org

November 24, 2014

Mr. Spencer Cox
Lime Rock Resources II-A, L.P.
1111 Bagby Street, Suite 4600
Houston, TX 77002

Re: Rule 5 - Mineral Lease (Caliche) HA-0258 / Signature Request

Dear Mr. Cox:

We are enclosing three (3) copies of the lease and reclamation plan for your signature. This lease will be issued for the mining and processing of Caliche in the NE4SE4 of Section 36, Township 17 South, Range 27 East, in Eddy County.

Please return all three signed and notarized original lease documents, along with the three signed reclamation plans to the Oil, Gas, and Minerals Division of the Land Office. If all is in order and the Commissioner approves this lease, a signed and notarized original will be returned to you for your files. Please note that this lease is not valid until the Commissioner has approved and signed it.

If you have any questions or concerns, please do not hesitate to call Michael Mariano, Minerals Manager at (505) 827-5750.

Sincerely,

Terry Warnell, Director
Oil, Gas, and Minerals Division

TW/mm

Enclosures

Lease (3ea), Reclamation Plan (3ea)

NEW MEXICO STATE LAND OFFICE

RULE 5 MINING LEASE - NO. HA-0258 (Caliche)

This Lease is made and entered into between the COMMISSIONER OF PUBLIC LANDS, ("Commissioner"), as Lessor, and

Lime Rock Resources II-A, L.P.
1111 Bagby Street, Suite 4600
Houston, TX, 77002

("Lessee"), and shall become effective upon the date executed by the Commissioner.

The Lessee has duly filed an application for a mining lease for the purpose stated in this Lease, covering the lands described below which are under the jurisdiction of the Commissioner. The Lessee has tendered the sum of \$ 40.00 as one (1) year's annual rental and the further sum of \$ 250.00 as application fee, and the Commissioner has accepted the application as submitted.

The parties agree as follows:

The Commissioner does grant, demise and lease to Lessee for the sole and only purpose of exploring for, mining, removing, and processing **Caliche** on and from the following described lands, (the "Property"), situated in **Eddy** County, New Mexico:

SUBDIVISION	SEC	TWP	RGE		BENEFICIARY	ACRES
NE4SE4	36	17S	27E	N.M.P.M.	C.S.	40

1. Inspection by Lessee. Lessee is leasing the Property based on Lessee's own inspection of and judgment regarding the Property. Lessee agrees that the Commissioner is making no representations or warranties with regard to the Property or with regard to this Lease. This Lease pertains to the subject property only and conveys no right of way for ingress or egress. Pursuant to 19.2.10.8 NMAC, such a right of way must be separately applied for, granted and paid for by the appropriate fee.

2. Term. This Lease is granted for a term of **ONE (1) YEAR** from the effective date referred to above, subject to the following terms and conditions:

3. Royalty. In addition to the annual rental, Lessee agrees to pay to the Commissioner as royalty a sum equal to **\$ 1.50 per cubic yard** (\$ 1.23 per ton) of mineral or material mined and removed from either pit or premises.

Payment of royalty shall be made on or before the 20th of the month next following the removal of the mineral or material from the Property.

The minimum annual royalty to be paid on this lease shall be five thousand dollars (\$5,000.00) per year. Where the royalties paid in any one year are less than the minimum, the difference shall be due on the anniversary date, and paid by the 20th of the following month.

Royalty reporting forms are to be submitted monthly regardless of actual sales or removal of material from the Property.

In the event of a dispute as to the amount of royalty due, the Lessee shall assume the burden of proof in any court action arising out of such dispute.

4. Annual Advanced Rental. Lessee shall pay to the Commissioner annual rent in advance on or before the effective date of this lease. The amount of rent shall be **forty dollars (\$40.00)**.

5. Payment Submittal. Payment of all sums due the Commissioner by the Lessee under the terms of this Lease, including but not limited to payment of rents, royalties, bonuses, and fees shall be made at the

Office of the Commissioner of Public Lands, 310 Old Santa Fe Trail, Post Office Box 1148, Santa Fe, New Mexico, 87504-1148.

6. Late Payment. The Lessee agrees to pay interest on delinquent royalty payments under this Lease at the rate of 1% per month, or fraction of a month, accruing from the date said payment becomes due.

7. Exclusive Lease. The right and privilege of the Lessee to mine and remove the material shall be exclusive in the sense that the Commissioner will not grant said rights and privileges to anyone else during the term of this Lease; provided, however, should any other person desiring said material make a request in writing to the Lessee, Lessee shall, if requested to do so by the Commissioner, immediately do one of the following:

- a) Sell said material to such person at a rate not to exceed 25% over the price established for royalty purposes under the section relating to royalties in this Lease, or upon a showing that such price is impracticable and would cause a financial loss to the Lessee, such higher price as is established by the Commissioner.
- b) Execute and deliver a written relinquishment of this Lease to the Commissioner.

8. Other Grants. Nothing contained in this Lease shall be held or construed to prevent the Commissioner from leasing or letting the Property or any portion thereof for grazing or agricultural purposes, or for leasing it for the exploration, development and production of products from deposits other than those identified in this Lease, including but not limited to geothermal resources, oil and gas, potash, coal, salt, or for leasing it for the operation of a business, or for selling it under a deferred purchase contract with minerals reserved; or for patenting it with minerals reserved, or for the issuance of rights of way, and easements over, upon or across it for public highways, railroads, tramways, telegraph, telephone and power lines, pipelines, irrigation works, mining, logging and for any of the purposes mentioned hereinabove in this paragraph, and for other purposes.

This Lease is issued subject to all valid existing rights and with special but not exclusive reference to the present existence of the matters mentioned in the paragraph above.

9. Surety. Before Lessee shall commence development of or operation upon the Property, he shall execute and file with the Commissioner a good and sufficient surety in the following amounts:

A performance bond, or a cash collateral assignment in a bank doing business in New Mexico, in the amount of \$2,000.00 for each lease, and;

A surface damage and reclamation bond or cash collateral assignment in a bank doing business in New Mexico in the amount of \$5,000.00 for each lease.

Megabond. With the approval of the Commissioner, in lieu of the separate surface improvement damage and performance bonds or other surety, a \$25,000.00 bond or other surety may be used at the option of Lessee for the use and benefit of the Commissioner, to secure surface improvement damage and the performance of the Lessee as Lessee under 1 or more state leases or permits for minerals, oil and gas, coal or geothermal resources, or as holder under 1 or more state rights of way or easements which the Lessee or its successors or assigns has executed with the Commissioner.

The surface damage and reclamation bond or cash collateral assignment shall be in favor of the State of New Mexico, for the benefit of the Commissioner, his surface Lessee, patentee or contract purchaser, to secure the payment of such damage to the surface and the livestock, water, crops or other tangible improvements on the Property as may be suffered by reason of development, use and occupation of the Property by the Lessee. The Lessee shall be liable and agree to pay for all such damages or, at the option of the Commissioner, shall restore and reclaim the surface and the livestock, water, crops, or other improvements upon the Property.

The surface damage and reclamation bonds shall not be released by the Commissioner until such time that all reclamation is completed to the satisfaction of the Commissioner. No bond or surety shall be accepted on which an expiration date is specified.

No more than 5 acres of the Property shall be actively mined at any one time unless site specific mining operations require more disturbance area and this is discussed in an approved Mine Operation Plan. Reclamation of the previously mined 5 acres shall occur contemporaneously with mining in another 5 acre area. If the mined area exceeds 5 acres at any time during the mining operation, unless contemporaneous reclamation activities are in process, the reclamation bonding requirements shall be increased by \$2,500 per acre with a minimum increase of \$5,000.

10. Inspection. The Commissioner or his agent shall have the right to enter the property at any time in order to inspect the property to ensure compliance with the terms and conditions of the lease. The Commissioner or his representative shall have the right to inspect all records, books or accounts pertaining to the mining, extraction, transportation and marketing of materials produced from the property and, at the request of the Commissioner, the Lessee shall furnish contracts, reports, samples, logs, assays or cores within reasonable bounds as the Commissioner may reasonably determine to be necessary to the proper administration of the leased lands and this lease. In addition, Lessee shall furnish annually and at such other times as the Commissioner may reasonably require, plats, maps, or tracings, clearly and accurately showing all development work upon the property, and other related information, with a report as to all buildings, structures, or other work placed in or upon the leased lands, and a statement as to the amount and value of material produced and sold.

11. Improvements. Lessee may make or place such improvements and equipment upon the Property as may be reasonably necessary to explore for, mine, process and remove the materials. Such equipment includes, but is not limited to, crushing and screening equipment, hot mix plants, concrete plants, scales, water storage facilities, and water wells.

In the event that raw materials not mined on the Property are to be processed on the Property (with the exception of some binders, additives, asphalt recycle, concrete additives), the Lessee shall obtain a separate business lease from the Commissioner. All off-site derived materials shall be removed at the end of lease and no such materials shall be buried on-site.

12. Mine Operations and Reclamation. No significant surface disturbance shall occur on the Property unless the Lessee has submitted, and the Commissioner has approved, a mine operations plan and a mine reclamation plan consistent with the rules and regulations of the Commissioner. If the total area of disturbance is 10 or more acres, the MOP is to be prepared, signed and stamped by a registered professional engineer. Once approved, the mine operations plan and the mine reclamation plan shall be incorporated into this Lease by reference and the provisions of these Plans shall be enforceable in the same manner as any other covenant of this Lease.

The Commissioner may, at his option, limit mining to areas smaller than a legal subdivision, and may require that one or more areas be reclaimed before mining is begun in a new area.

All non-marketable materials shall be returned to the mined area and reclaimed as specified above, and in Paragraph 31. Specific Stipulations.

Prior to the start of final reclamation activities, all remaining stock and spoil pile material shall be broken down and spread out and used for backfilling the pits and/or reclaiming the access roadways. No piles of material shall be left on the lease site at the end of the final lease term unless prior approval by the Commissioner has been obtained.

13. Notices. Lessee shall post and maintain signs at all vehicular entrances to pits and excavations advising as to state ownership and warning against trespass.

- 14. Compliance with Other Laws.** This Lease is made subject to all applicable provisions and requirements which are to be found in various acts of the Legislature of New Mexico, the same as though they were fully set forth herein, and said laws so far as applicable to this Lease, are to be taken as a part hereof.

Lessees, including their heirs, assigns, agents, and contractors shall at their own expense fully comply with all applicable laws, regulations and rules, pertaining to public health and welfare, including but not limited to conservation, sanitation, pollution, cultural properties and fire, NMSA §19-6-5, 1978 as amended requiring Lessee to protect the Leasehold from waste and trespass; and all applicable New Mexico State Land Office Rules. Such aforementioned authorities and agencies are not to be deemed third party beneficiaries. This clause is solely enforceable by the Commissioner or as otherwise permitted by law.

Lessee's full compliance shall be deemed a material term of this Lease, and such compliance shall be at Lessee's sole expense. Any governmental or other agency charged with the enforcement or oversight of such laws, etc. shall not be deemed a third party beneficiary under this Lease. Lessee will be liable to, and hold Commissioner harmless from, all costs, damages, or injuries arising from or in connection with Lessee's failure to fully comply as required in this paragraph.

- 15. Indemnity.** Lessee shall save, hold harmless, indemnify and defend the State of New Mexico, Commissioner and Commissioner's employees, agents and contractors, in both their official and individual capacities, from any and all liability, claims, losses, damages, or expenses, including but not limited to attorney's fees, court costs, loss of land value or use, third party claims, penalties, or removal, remedial or restoration costs arising out of, or alleged to arise out of:
- a. The operations or presence on the Property, or on adjacent or proximate state Trust lands, including those used to access the Property for the purposes of this Lease, of Lessee or Lessee's employees, agents, contractors or invitees;
 - b. The activities of third parties on the Property, or on adjacent or proximate state Trust lands, including those used to access the Property or other adjacent or proximate state Trust lands, whether with or without Lessee's knowledge or consent;
 - c. Any Hazardous Materials located in, under, upon or otherwise affecting the Property or adjacent or proximate property, resulting from the Lessees operations.
- 16. Water Rights.** Any and all water rights developed on the Property by Lessee shall be developed in the name of the Commissioner. Lessee, at its own expense, shall comply with all regulations of, and obtain all necessary permits from, the New Mexico State Engineer's Office.

Lessee shall have the use of such water rights solely for Lease operations during the term of the Lease. Upon expiration or termination of the Lease, such water rights shall be retained by Commissioner. During the term of the Lease, Lessee shall preserve, protect and defend such water rights.

- 17. Storage and Disposal of Materials.** Lessee shall not dispose of any trash, debris, waste materials, or imported materials on the Property or allow others to do so and shall remove all trash, debris and waste materials caused by their operations on the Property. This prohibition does not prevent the stockpiling or storage of spoil that results from mining operations on the Property for use in reclamation of the Property.

Materials from property other than the leased Property may not be brought on to or stored on the Property, unless detailed in, and expressly authorized by, an approved Mine Operation Plan.

Except as provided below, Lessee shall not cause or permit any Hazardous Materials to be brought upon or across, or to be used, kept, stored, generated or disposed of in, under or upon, the Property. As used in this Lease, Hazardous Materials includes, but is not limited to, oil, petroleum products, explosives, PCBs, asbestos, formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated,

or polluting materials, substances or wastes, including without limitation any materials defined as, or listed as, "hazardous substance", "hazardous water", "hazardous material", "toxic substances" or "regulated substances" under any federal, state, or local laws, ordinances or regulations relating to landfills, industrial hygiene, environmental protection, or the manufacture, use, generation, presence, analysis, transportation, handling, storage, treatment, or disposal of any such material or materials.

This prohibition is not intended to prevent the use or temporary storage of reasonable amounts of oil, petroleum products, explosives, or materials required for or the use of such items such as storage drums and filters, necessary for Lessee's ordinary day-to-day operations under the terms of this Lease, provided such materials are used and stored in compliance with all applicable laws and regulations.

- 18. Leaks and Spills.** Due care shall be used to prevent leaks and spills of oil, and petroleum products used in Lessee's operations. Lessee shall, at Lessee's sole expense, report and cleanup all leaks and spills on the Property in accordance with state, federal and local law, including but not limited to: discharges of water contaminants pursuant to the New Mexico Water Quality Control Commission regulations (20 NMAC 6.2.1203); hazardous substance incidents pursuant to the New Mexico Environmental Improvement Board Hazardous Waste Management Regulations (20 NMAC 4.1.1 *et seq.*); and releases of hazardous substances pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9603). Lessee shall notify Commissioner within twenty-four (24) hours of any reports made pursuant to this paragraph 18.
- 19. Option to Purchase.** The Commissioner has a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals that may be produced from the Property covered by this Lease.
- 20. Cultural Properties.** Prior to any ground disturbing activities, at the discretion of the State Land Office Cultural Resource Specialist, and in compliance with NMAC 18.6A.5, a Professional Survey of Cultural Properties is required to ensure that any registered cultural properties are protected and any unregistered cultural properties are not inadvertently damaged or destroyed.
- Any archaeological sites, historical artifacts or other cultural resources, including but not limited to pottery, bone, modified stone and early historic remains, on or within the Property are the Commissioner's property. Lessee shall immediately stop mining or exploration operations, report the discovery of any such material to the State Land Office Field Operations Division Director, and shall consult with the State Land Office Field Operations Division Director to determine a course of action.
- Adequate fencing may be required to protect and preserve any significant sites as determined by the State Land Office Field Operations Division Director.
- Liability for damages to cultural resources, including restoration costs, is that of the Lessee. In the event that the presence of cultural resources materially and adversely affects the ability of the Lessee to use a portion or all of the Property, the Lessee may, with the approval of the State Land Office Field Operations Division Director, negotiate an effects mitigation plan for legal removal of the cultural resources; surrender the entire legal subdivision in which the archaeological sites or other cultural resources are located; or surrender the entire parcel.
- 21. Assignment and Subleasing.** This Lease shall not be assigned or subleased per 19.2.5.9 (F). Transfers of this Lease are to be made by relinquishments approved by the Commissioner.
- 22. Cancellation.** The Commissioner may cancel this Lease for violation of any of the terms or covenants thereof; provided, however, that before any such cancellation shall be made, the Commissioner must mail to the Lessee, by registered or certified mail, addressed to the post office address of such Lessee as shown by the records of the State Land Office, a thirty (30) day notice of intention to cancel this Lease, specifying the default for which the Lease is subject to cancellation. No proof of receipt of notice shall

be necessary and thirty (30) days after such mailing the Commissioner may enter cancellation unless the Lessee shall have sooner remedied the default.

- 23. Relinquishment.** The Lessee, with the consent of the Commissioner, may at any time surrender or relinquish this Lease, in whole or in part, to the Commissioner; provided, however, that no relinquishment of any undivided interest nor less than a legal subdivision shall be approved or recognized by the Commissioner. Provided, further, that no relinquishment shall be approved or recognized by the Commissioner where the royalties have not been paid and the Lease is not otherwise in good standing; however, the approval or recognition by the Commissioner of any relinquishment does not relieve the Lessee of any royalty liability or other Lease obligation.
- 24. Holding Over.** Upon termination of this Lease for any reason, Lessee shall remove such improvements and equipment as can be removed without material injury to the premises within 120 days of the termination date or before such earlier date as the Commissioner may set upon thirty (30) days written notice to the Lessee; provided, however, that all royalties have been paid. If accepted by the Commissioner, all improvements and equipment remaining upon the premises after the removal date, shall be forfeited to the Commissioner without compensation; however if not so accepted by the Commissioner, the performance bond and the surface damage and reclamation bond shall not be released until the improvements and equipment are removed.
- 25. Lease Renewal.** Should Lessee desire to continue leasing the Premises, a new application must be submitted to the Commissioner 60 days prior to the expiration of this lease. Should Lessee apply to re-lease the Premises it is understood that Lessee has no right or expectation to renew the lease of the Premises on the same terms and conditions of this Lease. Commissioner and Lessee each may propose terms and conditions which differ from those set forth in this Lease and are each free to accept or reject them in the process of negotiating the new Lease.
- 26. Tenant at Will Status.** After the date of expiration of this Lease and before the Commissioner has actually signed a new lease, without regard to whether the Commissioner and Lessee have negotiated or agreed upon regarding the final terms and conditions of a new lease, the Lessee is a tenant at will of the Commissioner and may be required to vacate the Property immediately and to perform all the obligations of the Lessee under this Lease which come into effect upon expiration or termination of this Lease.
- 27. Expiration.** Once the lease has expired, Lessee shall no longer have legal right of entry onto the property nor rights to mine any further material, remove or sell any improvements or previously mined material, whether processed or unprocessed. Upon lease expiration, all rights to improvements and unsold material revert to the Commissioner.
- 28. Survival of Terms.** Lessee's obligations under paragraphs governing indemnity, storage and disposal of materials, surface reclamation and restoration, compliance with applicable standards and laws, and specific stipulations, shall be binding on the Lessee, its successors, assigns, agents, operators, and contractors. Obligations, duties and/or responsibilities shall survive the termination, cancellation or relinquishment of this Lease, and any cause of action of the Commissioner to enforce any right, liability, claim, loss, damage or expense under those paragraphs shall not be deemed to accrue until the Commissioner's actual discovery of said right, liability, claim, loss, damage or expense.
- 29. Venue.** Lessee consents to venue (location) and jurisdiction (authority) in the Santa Fe County First Judicial District Court, and to service of process under the laws of the State of New Mexico in any action relating to this Lease or its subject matter.
- 30. Immediate Cessation of Operations In the Event of An Environmental or Health and Safety Threat.** In the event that the Commissioner, in his discretion, concludes that there exists any substantial and imminent environmental or health and safety threat caused by, connected with, or affecting either Lessee's operations under this Lease or the Property, the Commissioner may direct the immediate

cessation of Lessee's operations on the property, vacating the Property by Lessee's personnel, and/or removal of any equipment or supplies that the Commissioner believes should be removed in order to abate or avoid the threat.

31. Specific Stipulations:

- a. Mining, crushing, screening or any operation that creates dust must cease when the National Weather Service issues a "High Wind Advisory" or higher category wind warning. Operations may resume when such advisory/warning shall have officially expired.
- b. At this time Lime Rock Resources II-A, L.P. is seeking to secure a separate commercial lease on this location, in addition to this mineral lease (Caliche). The pending commercial lease BL-2133 is for an OCD multi-well fluid management pit (pond). The final reclamation of the pit will be deferred and the mineral lease will be relinquished. Reclamation of the multi-fluid pit area will be specified and conducted as part of the commercial lease requirements at the end of its use as a multi-well fluid management pit. If for any reason the pit is not utilized as an approved, commercial leased and permitted multi-well fluid management pit, reclamation of the pit will be immediately conducted as per the requirements set forth by the Reclamation Plan attached to this Mineral Lease.

SIGNATURE PAGE

Rule 5 Mineral Lease - HA-0258 (Caliche)

Approved by the Commissioner of Public Lands on this _____ day of _____, 20____.

Ray Powell, M.S., D.V.M.
Commissioner of Public Lands

Lime Rock Resources II-A, L.P.



Signature of Lessee or Authorized Agent

ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY

State of _____

County of _____

This instrument was acknowledged before me on _____ 20____ by _____
(date) (name(s) of person(s))

Signature of Notarial Officer

Printed Name _____
(Notary)

(Seal)

My commission expires: _____

ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

State of Texas

County of Harris

This instrument was acknowledged before me on 12/1/14
(date)

by Tim Miller
(name(s) of person(s))

as COO
(type of authority, e.g., officer, trustee, etc.) of

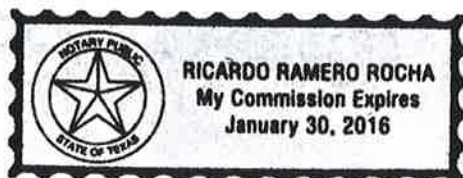
Lime Rock Resources II - A, L.P.
(name of party on behalf of whom instrument was executed.)

Signature of Notarial Officer

Printed Name: Ricardo R. Rocha
(Notary)

(Seal)

My commission expires: January 30th 2016



RECLAMATION PLAN FOR STATE MINERAL LEASE HA-0258

Date: 11/24/2014

Lessee: Lime Rock Resources II-A, L.P.

Location: NE4SE4 of Sec 36, Township 17S, Range 27E, in Eddy County

Plan view or site sketch/drawing of the lease area from Mine Operation Plan: (include attached copy). *Should include locations where topsoil and overburden will be stored, locations of pit(s), stockpiles, access roads, and approximate dimensions of all disturbed and/or reclaimed areas.*

Types of vegetation present on the area to be disturbed: Creosote, Mesquite, Gyp Grama, Dropseed, buffalo Grass, and annual forbs.

Post mining land use will be: Grazing and Oil-n-Gas.

Depth of Topsoil on area to be mined or disturbed: 3-6 (inches)

Depth of Overburden on area to be mined or disturbed: 1-3 (feet)

Acreage of Total Operations:

Proposed pit acreage: 2.0 acres

Proposed processing area acreage: 02.65 acres

Total existing disturbed acreage: 4.65 acres

Reclaimed to date: 0 acres

Pit area acreage to be disturbed during term of lease: 2.0 acres

Processing area acreage to be disturbed during term of lease: 2.65 acres

Currently under reclamation: 0 acres

Total area to be reclaimed during the term of lease: ALL DISTURBED acres

Total area to be reclaimed during the life of the mine operation: ALL DISTURBED acres

Specific reclamation activities to be carried out on the lease site:

1. Area to be reclaimed:

No more than (5.0) acres of the Premises shall be actively mined at any one time unless specific mining operations require more disturbance area and an alternative plan is submitted and approved by the Land Office.

Mining of new areas and reclamation of the disturbed area will be carried out in such a manner that no more than (5.0) acres is actively mined at any one time (without special approval by the State Land Office). For each area of new disturbance, an equal area of previously disturbed area will be reclaimed.

At this time Lime Rock Resources II-A, L.P. is seeking to secure a separate commercial lease on this location, in addition to this mineral lease (Caliche). The pending commercial lease BL-2133 is for an OCD multi-well fluid management pit (pond). The final reclamation of the pit will be deferred and the mineral lease will be relinquished. Reclamation of the multi-fluid pit area will be specified and conducted as part of the commercial lease requirements at the end of its use as a multi-well fluid management pit. If for any reason the pit is not utilized as an approved, commercial leased and

permitted multi-well fluid management pit, reclamation of the pit will be immediately conducted as per the requirements set forth by the Reclamation Plan attached to this Mineral Lease.

All structures such as foundations for weigh scales, water impoundments, etc, will be removed and areas reclaimed. No off-site material shall be buried on-site. The lease site will be kept free of junk and debris at all times.

2. Topsoil:

Topsoil will be removed from areas to be disturbed and stockpiled. No topsoil will be sold or removed from the lease site.

Shrubs and trees will be removed and kept separate prior to excavating topsoil in areas to be disturbed. Shrubs and trees may be used for erosion control.

3. Access and Roads:

Upon completion of other reclamation activities, all access roads on the lease site that are not under specific Right of Way agreements will be reclaimed in accordance with State Land Office Rule 20 (19.2.20 NMAC)—Relating to Construction, Maintenance and Reclamation of Roads. In addition, the access roads will be ripped perpendicular to the existing slope and material from the existing topsoil or crusher fines piles spread and smoothed to create a suitable seedbed.

4. Recontouring and Slope Gradients:

After reclamation, slope gradients will be no steeper than **4H:1V**. Where possible, slope gradients will be made no steeper than **5H:1V**.

All remaining unsalable material will be spread out and used for backfilling the pits, flattening slopes and reclaiming the access roadways. No piles of unsalable material will be left on the lease site at the end of the final lease term.

All disturbed areas will be ripped and sloped to be consistent with the surrounding topography. The disturbed areas will be shaped to minimize erosion and prevent rainwater and sediment from leaving the site. Recontouring design will be done in coordination with the Land Office technical staff.

5. Sediment and Water Run-off Control:

Berms and silt fence for prevention of sediment and water runoff will be maintained.

6. Seedbed Preparation:

The stockpiled topsoil is to be evenly spread and smoothed over the reclaimed and recontoured areas. The slopes and areas where stock and spoil piles were previously located will be cross-ripped, shaped and smoothed before seeding.

7. Seeding:

All disturbed areas, including the stockpile area and the access roads will be seeded. The seeding operation will be done during the monsoon period of the year seeding is done.

The Pure Live Seed will be no older than one calendar year at the time of use. The tags from the bags of seed will be provided to the State Land Office District Resource Manager for approval as to the age of the seed.

The seed will be either broadcast and dragged, or drilled. Prior to commencement of final reclamation, the State Land Office District Regional Manager shall be contacted to provide an appropriate seed mix and the lessee shall use that seed mix to reseed the site.

8. Evaluation of Seed Establishment:

The State Land Office will evaluate seedling establishment after the first growing season.

If the State Land Office makes the determination that the reseeding effort was not successful, a second reseeding operation may be required.

9. Fencing:

Fencing will be installed around the site as specified in paragraph 22 of the Mine Operation Plan and the reclaimed area if needed to protect seedlings from livestock grazing until plants are well established or until revegetated area can tolerate managed grazing pressure. This determination will be made by the State Land Office District Resource Manager.

10. Weed Control:

Noxious weeds and/or competitive vegetation will be controlled, if deemed to be necessary by the State Land Office. If required, herbicide use will be applied during the first two growing seasons.

11. Schedule of Activities:

Earthwork will be done contemporaneously with mining insofar as possible

Lessee: Lime Rock Resources II-A, L.P.

Signed: , Date 12/1/14
Signature of Lessee or Authorized Agent

Approved: _____, Date _____
Ray Powell, M.S., D.V.M.
Commissioner of Public Lands