

DEED RECORD ONE

LEASE AND CONTRACT
CHICAGO, BURLINGTON
AND
QUINCY RAILROAD COMPANY
to
THE ACME COAL COMPANY
Filed at 9:00 A.M.
June 22, 1912.
No. 44877

THIS INDENTURE, Made this First day of January, 1912,
between the CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY,
hereinafter called the "Railroad Company", and the ACME COAL
COMPANY of Acme, Wyoming, hereinafter called the "Lessee";

WITNESSETH H:-

That in consideration of the covenants and agreements
hereinafter set forth, to be kept and performed by the Lessee,
the Railroad Company hereby leases to said Lessee, certain
lands situated at or near the Town of Alger, in the County of
Sheridan, State of Wyoming, described as follows, to-wit:

Northeast Quarter (NE $\frac{1}{4}$) of the Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty one (21),
part of the Northwest Quarter (NW $\frac{1}{4}$) of the Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty one
(21), the West Half (W $\frac{1}{2}$) of the Northwest Quarter (NW $\frac{1}{4}$) of Section Twenty two (22), the
Southwest Quarter (SW $\frac{1}{4}$) of the Southwest Quarter (SW $\frac{1}{4}$) of Section Fifteen (15), Township
Fifty seven (57), North, Range Eighty four (84) West of the Sixth Principal Meridian.

ALSO

A piece of ground in the Northeast Quarter (NE $\frac{1}{4}$) of the Northwest Quarter (NW $\frac{1}{4}$) of
said Section Twenty one (21), described as follows:

Beginning at a point where the east line of said Forty (40) acres crosses the
northerly right-of-way line of the Grand Island & Northern Wyoming Railroad, which
line is parallel to and One Hundred (100) feet distant from the center of the Railroad
track of said Railroad, as now located upon said premises; thence westerly along said
right-of-way line Four Hundred (400) feet; thence in a Northerly direction and at right
angles to said Railroad track, Three Hundred Eighty five (385) feet; thence northeasterly
Five Hundred (500) feet to east line of said Forty (40) acres, Four Hundred Fifty (450)
feet south of the northeast corner of said Northeast Quarter (NE $\frac{1}{4}$) of the Northwest
Quarter (NW $\frac{1}{4}$); thence south on said east line to place of beginning, containing in all
Two Hundred (200) acres more or less, as shown in yellow on the accompanying plat, which
is hereby made a part of this lease.

and grants to the Lessee the privilege of mining coal on said premises; reserving to the
Railroad Company, its successors and assigns, all railroad tracks, with the necessary and
convenient right-of-way therefor, now owned by it on said premises, or which the Railroad
Company may from time to time hereafter desire to construct on said premises, together
with the right to maintain and operate said tracks; and reserving also the right-of-way
on said premises for the construction, maintenance and operation of the Railroad of the
Sheridan Railway and Light Company, which the Railroad Company has granted, or may grant
to said Company.

TO HAVE AND TO HOLD the same for the term of Twenty five (25) years from the date
hereof unless this lease shall be sooner terminated, as hereinafter provided.

It is understood and agreed that the land hereby leased shall be used by the Lessee
for grazing purposes and for the purpose of mining coal thereon only, and that all the p
provisions of law applicable to such use shall be fully observed, and that the Lessee
will not do or permit to be done, upon said premises, anything forbidden by law.

The Lessee in consideration of the leasing of the premises and the granting of the
privileges as above set forth, covenants and agrees to pay to the Railroad Company, as
rent for the same, the sum of Seventy Five Dollars (\$75.00), per annum, payable annually
in advance, until such time as the Lessee shall begin to mine coal on said premises,
whereupon said annual rental shall cease, and the Lessee shall thereafter pay to the
Railroad Company as full compensation for the use of said premises, a royalty of five

*imposition of said
Chic. & B. & Q. Ry. Co.
on 21st day of Jan. 1912*

SHERIDAN COUNTY

cents (5¢) per net ton upon each and every ton of coal mined on said premises, payable quarterly on or before the fifteenth day of the month, succeeding the quarter, during which said coal is mined; provided, however, if the compensation accruing to the Railroad Company from said royalty shall not amount to Twenty Five Dollars (\$25.00) for any quarter, the Lessee shall nevertheless pay the Railroad Company Twenty Five Dollars (\$25.00) as compensation for the use of said premises during said quarter; it being understood and agreed that if the Lessee shall begin to mine coal before the expiration of any annual period for which the Lessee shall have paid said rental in advance, the Lessee shall receive credit for the proportionate amount of said annual rental for the unexpired portion of said annual period.

The Railroad Company does not warrant its title to said premises or undertake to protect and defend the Lessee in the quiet and peaceable enjoyment of the rights and privileges herein granted to it, it being understood and agreed that said rights and privileges so granted are granted so far only as the power to grant the same is and remains invested in the Railroad Company, and that the Railroad Company shall not be liable to the Lessee for damage of any kind or nature in the event that the Lessee shall be disturbed in the enjoyment of said rights and privileges, or any of them.

The Lessee further agrees to begin mining operations and the removal of coal from said premises within Ten (10) years from the date hereof and to carry on said operations thereafter continuously and in a manner satisfactory to the Railroad Company during the term hereof, unless the coal on said premises shall be sooner exhausted, or unless the Lessee shall sooner desire to terminate this lease, at any time upon one year's notice in writing to the Railroad Company.

The Lessee further agrees to render to the Railroad Company a true statement, at the end of each said quarter, showing the total number of tons of coal mined by the Lessee on said premises during said quarter; it being understood and agreed that the Railroad Company shall have the right at any and all reasonable times to inspect the books of the Lessee and to enter the mines and structures of the Lessee on said premises for the purpose of checking and verifying the amount of coal mined by the Lessee on said premises.

The Lessee further agrees to conduct mining operations on said premises in a manner satisfactory to the Railroad Company and to dispose of the debris from said mining operations in such manner as will not unnecessarily impair the usefulness of, or damage the surface of, said premises.

The Lessee further agrees not to place or permit any obstruction or structure within Nine (9) feet Six (6) inches from the center line of any of the tracks of the Railroad Company now located or which may hereafter be located on said premises, nor shall it place or permit to be placed any obstacle or structure over any of the said tracks at a less height than Twenty-two (22) feet above the top of the rails.

The Lessee further agrees that it will not excavate for or mine coal under the right-of-way of any of the tracks of the Railroad Company or of the said Sheridan Railway & Light Company, now located, or which may hereafter be located on said premises.

It is covenanted, understood and agreed by the parties hereto that the Lessee shall keep in repair any and all necessary and lawful fences which may be required around said demised premises or any portion thereof during the continuance of this lease and save and hold the Railroad Company harmless of and from any and all cost, charge, expense or penalty

DEED RECORD ONE

or damage by reason of any failure on its part to promptly comply with any lawful requirements in respect to the building or keeping in repair of any fence on said premises during the term hereof.

And the Lessee further agrees to cause, during the continuance of this lease, the policies of fire insurance on its structures and other improvements upon the demised premises and upon the contents thereof to be so written that in the event of any destruction or damage by fire, no insurance company shall have recourse against the Railroad Company.

The Lessee also covenants and agrees to pay all State, County and Municipal taxes or special assessments that may be levied upon the improvements and property owned by the Lessee on or about the demised premises during the continuance of this lease.

The Lessee also covenants and agrees to protect, indemnify and hold harmless the Railroad Company from all claims, demands, suits, costs, expenses and attorneys' fees for loss, injury or damage, including such as may result from fire set out by locomotives, whether caused by the negligence of the Railroad Company or otherwise, to the person or property of each of the parties hereto, and the employees of each, and to the person or property of any other person, persons, firm or corporation while on the demised premises.

It is further agreed that the Lessee shall not transfer or assign this lease, nor sublet the above leased premises, or any part thereof, nor grant any interest herein or in said land to any person, without the written consent of the Railroad endorsed thereon.

If the Lessee shall fail to pay promptly the rent or royalty herein provided for as and when the same shall become due and payable, or to faithfully perform any of the other covenants or agreements herein stipulated to be by said Lessee observed and performed, the Railroad Company may, without demand or notice, immediately or at any time thereafter, enter into and upon said premises and re-possess the same as of its former estate and expel the Lessee and those claiming under him, and remove their effects (forcibly if necessary) without being guilty of trespass, or subject to liability for damages and without prejudice to any other remedies then existing in favor of the Railroad Company.

The Railroad Company shall have the right to terminate this lease at any time upon giving to the Lessee two (2) years notice in writing of its desire and intention to terminate the same. Upon the termination of this lease by the Railroad Company by notice as aforesaid, the Railroad Company shall reimburse the Lessee for the actual expense incurred by the Lessee in sinking mining shafts on said premises, and shall purchase from the Lessee the structures, mining machinery and other mine property on said premises at the then valuation of the same as agreed between the parties hereto. If the parties hereto are unable to agree on such expense and valuation, the same shall be determined by arbitration in the manner following, to-wit:

Each party shall select an arbitrator, and the two so selected shall select a third, which shall constitute a Board of Arbitrators. If either of the parties hereto shall fail to select an arbitrator within five (5) days after the party desiring arbitration has selected its arbitrator and given notice to the other of such selection, then the arbitrator so selected shall select an arbitrator for such defaulting party and these arbitrators shall select the third to complete the Board as above provided, and such Board so selected shall determine such expense and valuation. The decision of the said arbitrators, or a majority of them shall be final and conclusive upon the parties hereto.

SHERIDAN COUNTY

Upon the termination of this lease in any of the modes herein provided for (except the termination thereof by written notice by the Railroad Company to the Lessee), the Lessee shall promptly remove all its structures and property from the demised premises, and in case of its failure so to do, the Railroad Company may tear down or remove the same at the expense of the Lessee without any liability to damages therefor in any respect whatsoever.

IN WITNESS WHEREOF, the parties have executed this instrument the day and year first above written.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

By D. Miller

(Seal)

President.

Witness:

D. S. Hancock

ACME COAL COMPANY

(SEAL)

By A. K. Craig, Prest. (Corp. Seal)

Witness:

F. E. Putney

Form Approved:

