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*Delivered Via Certified Mail: RRR*

October 10, 2014

Mr. Thomas Thorson  
Black Hills Bentonite, LLC  
P.O. Box 9  
Mills, WY 82644

RE: Mine Permit 248C

Dear Mr. Thorson:

We represent TTT Ranch Company, which owns the surface and fee minerals on the TTT Ranch south of Kaycee, Wyoming ("TTT Ranch"), and its agent, Jim Crossingham. Mr. Crossingham is also agent for the owners of fifty-four (54) mining claims located on the TTT Ranch ("TTT Claims"). A portion of the TTT Ranch's surface and mineral lands, and the TTT Claims, lie within the boundaries of your Mine Permit 248C ("Permit 248C or the Permit").

Unless TTT Ranch enters into a written agreement with Black Hills Bentonite LLC ("BHB") on or before November 15, 2014 containing the following terms (or other terms acceptable to Mr. Crossingham), our clients are prepared to take action regarding your operations.<sup>1</sup>

- (1) BHB shall amend Permit 248C to exclude:
- o All fee mineral lands, all dummy locator claims, and all mining claims on which BHB does not have a mineral patent or valid lease with the owners of the TTT Claims
  - o All lands on which BHB has completed mining operations and DEQ has released the reclamation performance bond
  - o All lands on which BHB has no current mine and reclamation plan filed with DEQ

*Provided, however, that* if BHB desires to include within the boundary of Permit 248C any TTT Claims, then BHB shall lease such mining claims under the following terms:

<sup>1</sup> Such action may include filing suit against the Wyoming Department of Environmental Quality (Air Quality Division, Water Quality Division, and Land Quality Division) for failure to require bentonite mining operations to comply with the Environmental Quality Act.



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- Term: five (5) years
  - Royalty:
    - Advance royalty:
      - Up-front payment: \$75,000, may be credited against production royalty in years 1-2
      - 2<sup>nd</sup> payment: \$50,000 due on 2<sup>nd</sup> anniversary, may be credited against production royalty in years 3-4
    - Production royalty: \$1.55/Ton in years 1-3; \$1.86/Ton in years 4-5
- (2) Surface Use / Access: BHB's access to and across the TTT Ranch shall be limited to mining, reclamation, and hauling bentonite mined within the boundaries of the TTT Ranch, and BHB shall not enter upon the TTT Ranch for any reason in the period April 5 through June 15 each year. To compensate TTT Ranch for loss of use of the surface and disruption of ranching operations, BHB shall pay the following:
- Surface Use & Occupancy Fees:
    - Base rate: \$150 per acre per year for all lands disturbed, used or occupied by BHB's operations in the preceding twelve-month period, including all lands on which BHB's reclamation bond is not released;
    - Adjusted rate: rate increases 120% every three (3) years. For example: Years 1-3: \$150/acre/year; Years 4-5: \$180/acre/year
  - Bond Release Payments:
    - Pits: \$50,000 per pit per year on all pits for which the reclamation performance bond is not released within four (4) years after initial pit cut
    - Stockpiles: \$50,000 per stockpile per year for all bentonite, overburden, and topsoil stockpiles for which the reclamation performance bond is not released within five (5) years after the final pit cut associated with the stockpile
  - Road Fees:
    - Base rate: \$20,000 per mile per year, with a minimum payment of \$5,000/year; provided; 50% of road use fee may be credited against production royalty paid to TTT Ranch in same year;
    - Adjusted rate: rate increases 120% every three (3) years. For example: Years 1-3: \$20,000/mile/year; Years 4-5: \$24,000/mile/year
- (3) Dust Control: BHB to control dust in all mine areas and on all haul roads, including county roads.
- (4) Livestock Fees: In the event any livestock is injured or killed, BHB shall pay the highest sales price of TTT Ranch's stock in the prior year; and if a cow with a calf, ewe with a lamb, or horse with a colt is injured or killed, BHB to pay the highest sales price of TTT Ranch's stock in prior year for both the mother and offspring.

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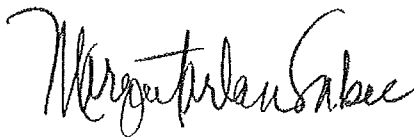
- (5) Mine Plan for all mining activities within boundaries of TTT Ranch:
- All new mines  $\leq 20$  acres to be mined in one (1) pit cut, which must be opened in one (1) year
  - All new mines  $\geq 21$  acres to be mined in no more than two (2) pits, which must be opened in no more than two (2) successive years
  - No backfilled pits may be reopened
  - Bentonite stockpiles: all stockpiled bentonite must be removed from the TTT Ranch within one (1) year after mining is completed in pit from which the bentonite was excavated
  - Access to all new pits or mine development areas on the TTT Ranch must be via the Murphy Creek Road IBR
  - Access to any area of the TTT Ranch lying within T. 41N., R.82W. or T.41N., R.83W. must be via the Murphy Creek Road IBR
- (6) Reclamation Plan for all mining and other activities within boundaries of TTT Ranch:
- All existing pits: reclamation of each pit to commence within six (6) months after mining completed, be completed within one (1) year; and reclamation bond to be released within three (3) years
  - All other existing disturbance besides stockpiles and roads: reclamation to commence within (6) months, be completed within one (1) year, and reclamation bond to be released within three (3) years
  - All existing overburden and topsoil stockpiles: reclamation to commence within six (6) months after mining completed in associated pit, be completed within one (1) year; and reclamation bond to be released within three (3) years
  - All existing bentonite stockpiles: all bentonite to be removed from TTT Ranch within one (1) year after construction of stockpile or within one (1) year after mining completed in associated pit, whichever is later; reclamation to commence within six (6) months, be completed within one (1) year, and reclamation bond to be released within three (3) years
  - All new pits: reclamation of each pit to commence within six (6) months after initial pit cut, be completed within one (1) year, and reclamation bond to be released within three (3) years.
  - All new overburden and topsoil stockpiles: reclamation of each stockpile to commence within six (6) months after mining completed in associated pit, be completed within one (1) year; and reclamation bond to be released within three (3) years
  - All new bentonite stockpiles: all bentonite to be removed from TTT Ranch within one (1) year after construction of stockpile or within one (1) year after mining completed in associated pit, whichever is later; reclamation to commence within six (6) months, be completed within one (1) year, and reclamation bond to be released within three (3) years
  - Fences: all fences to be removed within one (1) month after reclamation bond released (unless otherwise requested by TTT Ranch)
  - Roads: reclaim only those roads requested by TTT Ranch

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If you do not contact me on or before 5:00 p.m. MDT on October 20, 2014, our clients will assume you are unwilling to negotiate in good faith.

Yours truly,

A handwritten signature in black ink, appearing to read "Margo Harlan Sabec". The signature is written in a cursive, flowing style with some loops and flourishes.

Margo Harlan Sabec

cc: James H. Crossingham, Jr.