

From: Trey Patterson
Sent: Friday, November 21, 2014 2:02 PM
To: rwa.ramaco@gmail.com
Subject: Brook Mine

Randy,

Thank you for your letter of November 7, 2014. We do not agree with your calculations on range loss nor do we understand your unwillingness to work with Padlock Ranch in negotiating fair payments for land disturbances.

Padlock Ranch Company submitted a counteroffer to Ramaco's initial proposal on September 04, 2014. Unlike Ramaco's proposal, Padlock's offer provided for fair payment to Padlock when Padlock's ranching operations are adversely affected by Ramaco's activities, not at a later date when coal is sold by Ramaco, if ever. We both know that disturbance and disruption of ranching operations can occur years prior to mining coal and there are no guarantees that coal will be mined under Padlock surface even if such infrastructure and disruption exists. Also, such disruption would be expected to be on more acres than what is "disturbed" for the actual mining pit. We are also considering that Padlock lands were accessed for the baseline studies for your mining plan without an access agreement in place nor any compensation to Padlock. Further, Padlock's offer provided that all payments would be recoupable out of the 12.5 cents per ton coal royalty, so we are not asking for more compensation than other parties you are working with should the coal be mined. On September 25, I advised Ramaco's representative, Jeff Barron, that the Padlock board might consider a proposal which would defer payment until Ramaco actually commenced surface disturbing activities, and that the ball was in Ramaco's court with respect to these negotiations.

Since then, Padlock has not received a substantive response to its offer from Ramaco. Aside from a suggestion of a lease of some additional lands outside Ramaco's mine permit area and the possible purchase of a tract of land, your November 7 letter does not contain any attempt to negotiate with Padlock. In your letter, you included maps showing "Phase 2". We have not seen a mine plan for "Phase 2". As has been our position from the beginning, we simply want to know what is planned and would like to have our surface and improvements fairly compensated for.

We would invite Ramaco to respond to Padlock's offer so we can keep these negotiations moving forward. It is still our hope that we can reach an arrangement that is agreeable to both parties. I would be happy to meet with you in person if you would like.

Sincerely,

Trey Patterson
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