

HOGUE RIVER PIT
MINING LEASE - SAND, GRAVEL, AND
ROCK
(Option to Extend)

Lease made this 1st day of April 2021, by and between The Hogue Family Trust, 3083 Shadow Brook Court, Grand Junction, CO 81504 herein referred to as **LESSOR**, and Duckels Construction, Inc., a corporation organized under the laws of the State of Colorado, herein referred to as **LESSEE**.

Lessor, in consideration of the agreement set forth herein to be kept and performed by Lessee, and the payment of royalties by Lessee provisions contained herein, leases to Lessee that certain tract of land situated in Routt County, State of Colorado, which is particularly described in Exhibit "A" attached hereto and made a part thereof, together with the non-exclusive right to use roads from the leased lands to US Highway 40, for the purpose of quarrying, mining, removing, and marketing therefrom sand, gravel and rock, all of which are herein referred to as MATERIALS.

**SECTION ONE TERM
OF LEASE**

This lease shall remain in effect for a period of one year from the 30th day of April 2021 to the 30th day of April 2022. Lessee shall have the right and option to renew this lease for successive periods of one year each extending from April 30th of each succeeding year for a total of ten (10) years.

Lessor shall have the right to cancel this lease by supplying written notice of cancellation to the Lessee. Cancellation shall become effective at the end of the current lease year. In no event shall a cancellation become effective sooner than ½ year from the date of written notification. In the event the Lessor cancels this lease, all reclamation activities may be completed after the effective date of cancellation. Reclamation activities other than revegetation shall be complete within nine months of the effective date of cancellation.

**SECTION TWO
OPERATIONS**

Lessee shall conduct its operation in a good and workman like manner, and fully comply with all laws and regulations, federal, state and local. No actual production shall occur until all approvals and permits have been obtained by Lessee.

SECTION THREE ROYALTIES

Lessee shall pay to Lessor, as royalty, (\$.721) for each ton of materials removed from the premises during the first year of this lease. Said royalties may be adjusted annually by the Consumer Price Index using 2003 as the base year mutually agreed to by Lessor and Lessee. Price may also be adjusted by mutual agreement of the parties. Lessee is liable for a minimum annual royalty of \$2,500.00. Annual payment for rock storage is \$1,500.00.

Lessee shall forward to Lessor monthly reports and payments showing the number of cubic yards of materials removed from the site during the preceding month. Such reports and payments shall be forwarded to Lessor by the 25th day of the month following any month in which materials are removed. It is understood that during certain months of the year it may be impractical to remove materials because of weather conditions; no report shall be required for any month during which no materials have been removed. In the absence of a scale, weight shall be converted from yardage at a ratio of 1.45 tons per cubic yard of material.

Lessee agrees to keep a strict and accurate record of all materials removed from the leased premises and all sales thereof, and Lessor shall have the privilege at reasonable times of examining the mining procedures and checking the books and records of Lessee for the purpose of verifying the amount of royalties payable and the method of mining.

Lessor agrees and understands that Lessee shall be liable only for royalties generated from this agreement and is not liable for any prior royalties.

SECTION FOUR SURFACE RIGHTS OF LESSEE

Lessee may clear brush and undergrowth, in compliance with permit(s) to be issued by the regulatory bodies, from such portions of the leased premises as may be reasonably necessary to explore for materials or locate pits, quarries, and stockpile areas. In order to obtain access to the leased premises, and to carry on its operations hereunder, Lessee shall have the right to make use of all the roadways presently existing on the leased premises and shall have further right to build such additional roads as may be necessary for the production and removal of materials hereunder. In building such roads or maintaining existing roads, Lessee may use materials from the leased premises, and Lessee shall not be required to pay royalties to Lessor for materials so used. Lessee may erect a plant or plants on the leased premises, if it should so desire, to process materials thereon.

SECTION FOUR (CONT'D) SURFACE RIGHTS OF LESSEE

Lessee may also erect such buildings and install such machinery and equipment as may be useful in connection with its operations hereunder. Leased premises are described by Exhibit "A" attached.

SECTION FIVE INSURANCE

Lessee shall, prior to the commencement of any operations hereunder, tender to the Lessor certificates of insurance fulfilling the following requirements which shall insure the Lessee for any operations conducted hereunder and carrying the following described minimum coverage. (A) Employers' liability and worker's compensation insurance covering Lessee's employees engaged in operations upon the subject property in compliance with the laws of the State of Colorado. (B) The Lessee's contractors or subcontractors shall be required to supply proof of employers' liability and worker's compensation insurance as required by the laws of the State of Colorado. The Lessee's contractors and subcontractors shall provide proof of insurance as described in Section Five, Part C. (C) Comprehensive general liability insurance and automobile, public liability and property damage insurance covering the Lessor and Lessee in conjunction with all operations conducted by the Lessee, or the Lessee's contractors or subcontractors with a limitation of liability of not less than one million dollars (\$1,000,000) for the injury or death of any one person; one million dollars (\$1,000,000) for injury or death of more than any one person resulting from any one accident; property damage with a limit of three hundred thousand dollars (\$300,000) for damage to property for each accident.

SECTION SIX DAMAGES

Lessee shall repair any damage done to roads on leased premises or leading to or from the leased premises. Lessee will pay the reasonable value of any livestock that may be killed, injured, destroyed, or damaged by Lessee's agents or employees.

SECTION SEVEN PROTECTION OF PREMISES

Lessee may be required to provide and install adequate gates at all entrances into areas of the leased premises being used or occupied by Lessee as mutually agreed to by Lessor and Lessee. Such gates will be locked during the hours of darkness, and at all times when such areas are not occupied by Lessee's personnel, contractors, or subcontractors. Lessee agrees to maintain adequate fencing around the mining area so as to protect livestock from entering the mining area.

SECTION EIGHT PAYMENT OF TAXES

Lessor agrees to pay all real estate taxes levied against the leased premises before the same become delinquent. In the event of an increase in the assessed valuation upon the lands owned by the Lessor occasioned by Lessee's operations hereunder, Lessee shall pay any such resulting tax increase. In the event Lessor fails to pay such taxes, Lessee may, at its option, pay any taxes and assessments as may be levied against the premises, and deduct the amount of such payment, together with any penalties or interest required to be paid, from any amount thereafter due to Lessor hereunder.

SECTION NINE REMOVAL OF IMPROVEMENTS AND EQUIPMENT

All improvements and equipment placed on the leased premises by Lessee, except fences and gates, shall remain the property of Lessee, and Lessee shall have the right to remove such property prior to the expiration of this lease. On termination of this lease for any cause, Lessee shall have the right to remove all such improvements within 60 days, excepting fences and gates, including any material mined and produced, but not removed on the date of termination, all subject to payment of royalties and removal obligations as provided herein.

SECTION TEN INDEMNIFICATION OF LESSOR

Lessee agrees to indemnify Lessor against liability on all claims for damages and injuries to persons or property that are claimed to have resulted from the activities or commissions of the Lessee or its agents or employees during the term thereof. Lessee agrees to indemnify and protect the Lessor's.

property from any mechanic's liens or liens filed under Section 86-3-5(2) of the statutes of the State of Colorado.

SECTION ELEVEN INDEMNIFICATION OF LESSEE

The Lessor agrees to indemnify Lessee against liability on all claims for damages and injuries to persons or property that are claimed to have resulted from the activities or commissions of the Lessor or its agents or employees during the term thereof.

SECTION TWELVE RECLAMATION

The Lessee, as stated above, has the right to broad of the surface thereunder, and may affect irreparable damage or destruction thereto, subject however, to those duties of reclamation appearing below and as required by Federal and State law. Reclamation shall be in accordance with the reclamation plan described in the attached Colorado Division of Minerals & Geology Permit Application.

SECTION THIRTEEN DEFAULT BY LESSEE

In the event any default occurs in the performance of any terms or conditions of this lease of Lessee, Lessor shall have the right to give a 30-day notice in writing to Lessee, demanding the correction or removal of such default. In the event Lessee fails to correct or remove such default with such period, Lessor may, at his option, terminate this lease. Lessee shall have 30 days after such termination within which to remove any mined or processed materials, plants, structures, or other personal property owned by Lessee except fences and gates upon the leased premises. Notice shall be at the following addresses: Charles Hogue, 3083 Shadow Brook Court, Grand Junction, CO 81504 and Duckels Construction, Inc., 3500 Duckels Court, Steamboat Springs, Colorado 80487.

SECTION FOURTEEN SUBLEASES

Lessee does not have the right to assign or sublet this property without prior written consent of Lessor.

**SECTION FIFTEEN
PROPERTY
IRRIGATION**

The Lessee shall not for any reason obstruct, impede, diminish, or otherwise adversely affect the flow of water in any irrigation ditch or the watercourse trans versing the premises for any period of time between May 1 and October 15 of each calendar year during the term of the lease without prior written consent of the Lessor.

SECTION SIXTEEN

The Lessor shall have the right to use at any time and for any purpose, not inconsistent with the rights of the Lessee hereunder, such portions of the leased premises not being actually and/or physically used by the Lessee for extraction and mining operations as well as processing operations such as milling, refining, crushing and washing.

IN WITNESS WHEREOF, the parties have executed this lease the day and year hereinabove set forth.

Charles J. Hogue
Charles Hogue - Lessor, General Partner

STATE OF Colorado)
COUNTY OF Mesa)
SS.

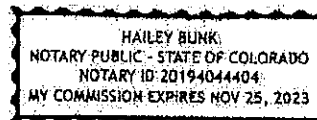
Subscribed and sworn before me this 24th day of March 2021.

Witness my hand and official seal.

11/25/2023
My Commission Expires

Hailey Bunk
Notary

Hailey Bunk
Public



DUCKELS CONSTRUCTION, INC. - Lessee

BY: Fred A. Duckels
Fred A. Duckels, President
Duckels Construction, Inc

STATE OF Colorado)
COUNTY OF Booth) SS.

Subscribed and sworn before me this 24th day of April 2021.

Witness my hand and official seal.

June 6, 2024
My Commission Expires

Nicholle Suzanne Douglas
Notary Public

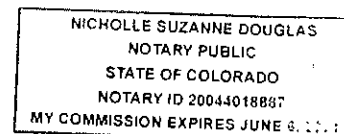


EXHIBIT "A"

DESCRIPTION OF LEASED PREMISES

A gravel pit located in Section 4 and 9 more particularly described as follows:

A parcel of land located in Sections 4 and 9, Township 6 North Range 85 West of the 6th P.M., Routt County, Colorado, more particularly described as follows:

All lands lying North of the South riverbank
Of the Yampa River and South of the South
Line of the Denver and Rio Grande Railroad
Land, which is located in the E1/2, SE1/4,
SW1/4, SE1/4 of said Section 4 and E1/2,
NE1/4, NW1/4, NE1/4 of said Section 9.

This said leased premises is 62.7 acres of land.

This lease with the active mining area is 51 acres, 11.7 of which is actively being mined (Current active mining area).