

## ROCK, SAND AND GRAVEL QUARRY LEASE

**THIS ROCK, SAND AND GRAVEL QUARRY LEASE** (the "Lease") is made and entered into as of the \_\_\_\_ day \_\_\_\_\_ 2023 by and between Eileen Andreatta whose address is: 1389 County Road 344 Walsenburg, CO 81089 and Michael B. Williams whose address is: P.O. Box 19715 Colorado City, CO 81019 and Keri S. Williams, whose address is: 553 West Hook Dr. Pueblo West, CO 81007; hereinafter called LESSOR (whether one or more), and Huerfano County Government, a County in the State of Colorado; whose address is 401 Main Street, Suite 201, Walsenburg, CO 81089; hereinafter called LESSEE.

1. **Grant of Lease.** LESSOR, for the consideration described herein, hereby exclusively leases to LESSEE, and LESSEE agrees to lease from LESSOR, for the purposes herein described, that certain real property located in Huerfano County, Colorado as described in EXHIBIT 1 attached hereto:

Approximately 15 acres located in the SW ¼ of NE ¼ of Section 33 Township 29S Range 67W.

A more detailed description and accurate acreage will be produced after a survey is completed in Exhibit 1.

LESSOR hereby represents and warrants that it presently has full right, title and interest in and to the real property and material comprising the Leased Property subject only to this Lease, and has not granted any other interest therein, and that so long as the Lease remains in effect, LESSOR will defend such right, title and interest and will not do or suffer anything that will interfere or impair LESSEE'S rights hereunder. LESSOR hereby further agrees that, during the Term of this Lease, LESSOR will not lease, convey or otherwise transfer any of the minerals located in, on or underneath the Leased Property to any person or entity whatsoever, other than LESSEE, nor grant any other rights thereto, unless the written permission of LESSEE is first obtained.

2. **Term of Lease.** The Lease term shall be for a period of twenty (20) years. The lease term shall begin upon the date the State of Colorado, Division of Reclamation, Mining & Safety issues a permit to the LESSEE, for the parcel of land described above.

3. **Permitted Uses.** This Lease is granted for the purpose of giving LESSEE the exclusive right to explore for, mine, preserve, operate, remove, produce, process, and transport all rock, sand, gravel, and/or earth-fill available from the Property during the Term. In connection with the foregoing, LESSOR agrees that the LESSEE shall also have the right to conduct all activity on the Property typically associated with the foregoing uses, including, without limitation: (1) rights of access, ingress and egress to, from and throughout the Leased Property by way of the construction of "haul roads" or other roadways on, over and across the Leased Property, (ii) the right to maintain on the Property an office shed or building, and such machinery, equipment loaders, trucks, crushers, conveyors and related equipment associated with LESSEE'S exploration, mining, removal, processing, production, and transportation activities for the rock, sand, gravel and/or earth fill, and (iii) the right to stockpile materials produced from such activities for future transportation.

4. **Rent and Royalty Obligations.** In consideration thereof, LESSEE shall have the following rent and royalty payment obligations under this lease.

a) LESSEE shall pay LESSOR the one-time sum of \$10,000.00, for the right to process up to 69,999 tons annually.

b) In addition to the base payment, the LESSEE will pay to LESSOR 5,000 tons of crushed gravel per set, regardless of the amount of material mined. The crushed gravel stockpile shall be available to LESSOR at the end of each crushing period. The LESSOR shall acknowledge by signature receipt of the crushed gravel stockpile at the end of each set of the crusher.

c) In addition the LESSEE shall place a 16' x 6'8" or a 20' x 6'8" cattle guard whichever is determined to be needed at the haul road entrance, which will become the property of LESSOR.

d) The mining periods shall commence on the first day of mining and end one year thereafter.

e) The first Royalty Payment pursuant to item (a) above shall be made within fifteen (15) days from the first day of actual crushing.

5. **Access Easement.** As further consideration for LESSEE's agreement to enter into this Lease, LESSOR hereby agrees that it shall and hereby does grant to LESSEE a fifty foot (50') wide non-exclusive access, ingress and egress easement over and across LESSOR'S real property described in Exhibit B attached hereto and incorporated herein by this reference (the "Encumbered Party"), to and

from the Leased Property, which easement shall be for LESSEE's use in connection with its production, transportation, and general operations on the Leased Property (the "Access Easement Roadway"). At the owner's discretion, LESSEE will remove the cattle guard and access road at the end of the lease period.

6. **Requisite Permits; Conditions Precedent to LESSEE's Obligations.** LESSEE hereby agrees that, during the Term of this Lease and to the extent required for LESSEE's mining operations described above, it shall be responsible for obtaining all County, State and Federal permits, licenses and approvals, and for the payment of all fees and bonds necessary for its operations. LESSOR and LESSEE each hereby understand, acknowledge and agree that LESSEE's obligations under this Lease are expressly contingent upon; (1) LESSEE obtaining and maintaining during the Term of the Lease a mining permit from the Division of Reclamation Mining & Safety, together with any and all other permits or approvals from any other Federal, State or Local agency having jurisdiction over LESSEE's mining operations, sufficient to enable LESSEE to conduct its mining, production, and distribution activities in the manner contemplated by this Lease, and (ii) in addition to any other rights LESSEE may have to terminate, LESSOR hereby agrees that in the event any of these conditions precedent should fail at any time during the Term of this Lease or within the time periods specified above, LESSEE shall have the right to terminate this Lease or within the time periods specified above, LESSEE shall have the right to terminate this Lease upon thirty (30) days prior written notice to LESSOR. LESSOR further agrees that in the event LESSEE should terminate this Lease for failure of the condition set forth in item (1) above, the LESSEE shall be entitled to a full and complete reimbursement from LESSOR of all Base Payments made by LESSEE hereunder as of the date of such termination.

7. **Reclamation Requirements.** The LESSEE will be responsible for performing all reclamation activities required by, and within the time periods set forth in, LESSEE's mining permit issued by the Colorado Mined Land Reclamation Board, or as otherwise necessary to comply with applicable Local, State, and Federal standards, and LESSEE hereby covenants that it shall post all bonds required by its mining permit issued by the Colorado Mined Land Reclamation Board to assure satisfactory completion of all such reclamation activities, all at no expense to LESSOR. LESSEE shall hold harmless LESSOR for compliance with all reclamation, Federal, and State mining laws and regulations. The LESSEE shall reserve the right to enter the described property for a period of five (5) years after the termination of this Lease for the purpose of reclamation.

8. **No Other Relationship.** The LESSEE is an independent contractor and no employer-employee or agency relationship exists between the parties. The LESSEE is responsible for acts of their employees, and agents and will indemnify and hold harmless the LESSOR for any damages or injuries incurred by any party (including employees and agents of sub-leases and sub-contractors) to the extent the same result from LESSEE's negligent operation of its activities under this Lease.

9. **Assignment.** The rights of the LESSOR and LESSEE may not be assigned in whole or part to other parties, without consent from the other party. No change in ownership of LESSOR's interest (by assignment or otherwise) shall be binding on LESSEE until LESSEE has received actual documented notice of said change in ownership. This Lease is binding on heirs, successors and assigns of the respective parties.

10. **Applicable Law.** All express or implied covenants of this Lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this Lease shall not be terminated, in whole or in part, nor LESSEE held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of any such Law, Order, Rule or Regulation.

11. **LESSOR'S Payment of Taxes.** LESSOR agrees to pay all real and personal property taxes levied upon the Leased Premises.

12. **Entire Agreement.** This Lease represents the entire agreement between the parties. No additional provisions may be added unless said provisions are in writing and signed by each party. LESSOR hereby agrees that LESSEE shall have the right to record this Lease in the real property records of Huerfano County, Colorado.

13. **No Other Materials.** Except as otherwise expressly set forth herein, this Lease is not to be construed as authorization for the mining of any materials other than rock, sand, gravel and/or earth fill.

14. **Damage Limited.** Mining operations occurring outside the lease area shall be limited to the exchange of un-mined material for mined property. If the amount of material mined exceeds the amount under this contract, the LESSEE will be liable for the portion amount under this contract plus a penalty of 2.5 cents per ton for all excess material mined. These are mitigated damages and the LESSOR waives all rights for additional damages under tort, contract, or equity.

This Rock, Sand and Gravel Quarry Lease executed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

BOARD OF COUNTY COMMISSIONERS  
HUERFANO COUNTY, COLORADO

DocuSigned by:  
*Eileen Andreatta*  
BY \_\_\_\_\_  
Eileen Andreatta, Lessor

BY \_\_\_\_\_  
John Galusha, Chairman

DocuSigned by:  
*Mike Williams*  
BY \_\_\_\_\_  
Mike Williams, Lessor

\_\_\_\_\_  
Arica Andreatta, Commissioner

DocuSigned by:  
*Keri Williams*  
BY \_\_\_\_\_  
Keri Williams, Lessor

\_\_\_\_\_  
Karl Sporleder, Commissioner



ATTEST:

BY: \_\_\_\_\_  
Huerfano County Clerk and Recorder