

This Instrument was prepared by:

STATE OF ALABAMA     )  
COUNTY OF SHELBY    )

**MEMORANDUM OF LEASE**

This Memorandum of Lease is entered into on this the 25<sup>th</sup> day of July, 1996, by and between **USX CORPORATION** (hereinafter "USX") and **OAK MOUNTAIN ENERGY CORPORATION**, an Alabama corporation (hereinafter "Oak").

**WHEREAS**, Oak is the Lessee under a Lease (hereinafter the "Lease") from USX, the history of which is set out as follows:

The original Lease was dated September 17, 1990, was between USX and Bibb Energy, Inc., an Alabama corporation, was for a term of five (5) years with a five (5) year option to extend based on contingencies, and included property described on Exhibit A attached hereto; the Lease was amended on May 31, 1991 to include additional property described on Exhibit B attached hereto; the Lease was further amended on November 1, 1992 to include additional property described on Exhibit C attached hereto; the Lease was further amended on May 1, 1993 to include additional seams and to include additional property described on Exhibit D attached hereto; the Lease was assigned on October 29, 1994 so that Oak became the Lessee under the Lease; the Lease was further amended on August 24, 1995 to include additional seams of coal, to include additional property described on Exhibit E attached hereto, and to provide for two ten year extensions provided Oak met certain conditions; and subsequently the option to extend the Lease for an additional five (5) years pursuant to the original term was exercised so that the expiration date without extensions authorized on August 24, 1995 is September 17, 2000; and

**WHEREAS**, the Lease was amended on August 24, 1995 to provide for a term which may be extended for greater than twenty (20) years; and

**WHEREAS**, copies of the Lease are in the possession of the Lessor and Lessee wherein the same may be examined by any person having the lawful right to do so; and

**WHEREAS**, the parties desire to file for record this Memorandum of Lease to comply with the recording statutes of the State of Alabama;

**NOW, THEREFORE**, for the consideration set out in the Lease and in order to provide notice under the recording statutes of Alabama, the parties agree as follows:

1. The present parties to the Lease are Oak and USX.
2. The specific legal descriptions made the subject of the Lease are attached hereto as Exhibits A, B, C, D, & E.
3. On August 24, 1995, the Lease was amended so that, depending on the fulfillment of certain obligations of Oak, the Lease may be extended to September 17, 2020.
4. This Memorandum of Lease is to be placed on record to serve as notice of the execution and existence of the Lease, and is in no way to supersede, abrogate, change, or modify any of the terms, conditions, rights or obligations of any of the parties, all of which are set forth in detail in the Lease.
5. The terms and conditions of the Lease are made a part hereof by reference for all purposes, to be the same effect as though written in extenso herein.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this the 25<sup>th</sup> day of July, 1996.

USX Realty Development  
A Division of U. S. Steel Group

ATTEST:

USX CORPORATION

By: [Signature]  
Assistant Secretary

BY: [Signature]  
Its: A.E. Ferrara, Jr., President

ATTEST:

OAK MOUNTAIN ENERGY CORPORATION

By: [Signature]  
Its: [Signature]

BY: [Signature]  
Its: PRESIDENT

PENNSYLVANIA  
STATE OF ALABAMA )  
COUNTY OF Allegheny )

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that A. E. Ferrara, Jr., President \*, whose name as \_\_\_\_\_ of **USX CORPORATION**, a corporation, is signed to the foregoing agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of the agreement, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation as of the day the same bears date.

Given under my hand this 25th day of July, 1996.

\* USX Realty Development  
A Division of U. S. Steel Group

William B. Grindle  
NOTARY PUBLIC  
My Commission Expires \_\_\_\_\_  
Notarial Seal  
William B. Grindle, Notary Public  
Pittsburgh, Allegheny County  
My Commission Expires Dec. 1, 1997  
Member, Pennsylvania Association of Notaries

STATE OF ALABAMA )  
COUNTY OF SHELBY )

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that JIMMIE R. RYAN, whose name as PRESIDENT of **OAK MOUNTAIN ENERGY CORPORATION**, an Alabama corporation, is signed to the foregoing agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of the agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation as of the day the same bears date.

Given under my hand this 25th day of July, 1996.

Carolyn J. Gahler  
NOTARY PUBLIC  
My Commission Expires: 11-16-96

# EXHIBIT A

## LEGAL DESCRIPTION

All lands described below are located in Township 21 South, Range 4 West of the Huntsville Principal Meridian, Shelby County, Alabama and are lands in which USX Corporation owns All Interests, and are lands in which Bibb Energy is granted the right to mine coal in the Gholson and Helena Coal Seams by document hereto attached.

Bibb County, Alabama

Township 21 South, Range 4 West

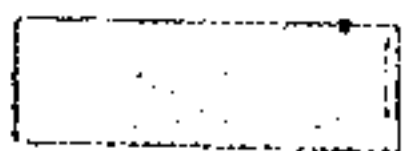
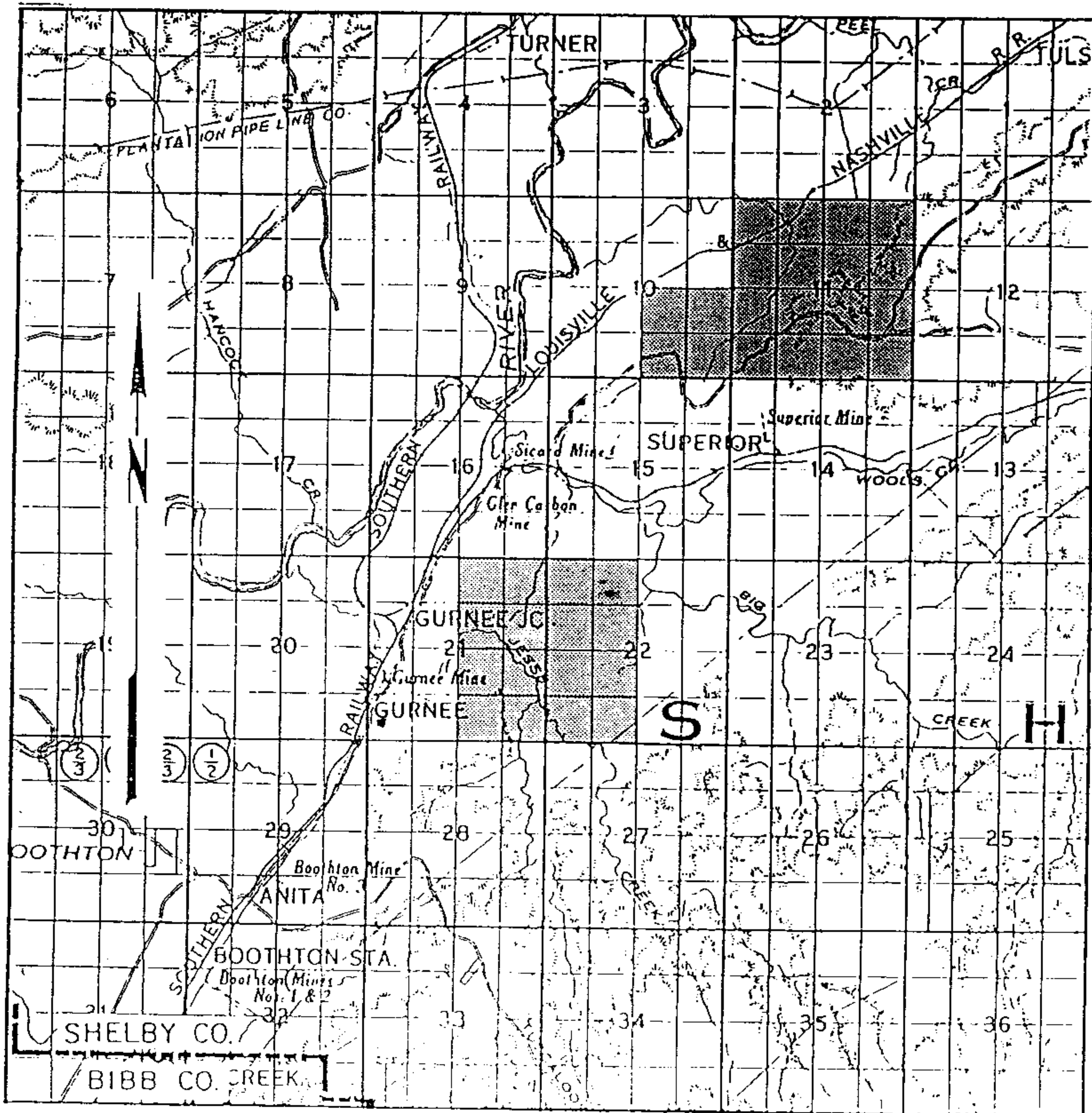
<u>Section</u>	<u>Description</u>	<u>Acres</u>
10	The Southeast Quarter	160.0
11	Entire Section	640.0
21	The East Half	320.0
22	The West Half	<u>320.0</u>
	Total Acres	1,440.0



USX CORPORATION  
 U. S. DIVERSIFIED GROUP  
 SOUTHERN LANDS & MINERALS  
 SCALE: 1" = 5000' APRIL 1990

BIBB CO.  
 SHELBY CO.

T.21S.-R.4W.



LANDS IN WHICH USX CORPORATION OWNS ALL INTERESTS AND IN WHICH BIBB ENERGY IS GRANTED THE RIGHT TO MINE COAL BY DOCUMENT HERETO ATTACHED.

# **EXHIBIT B**

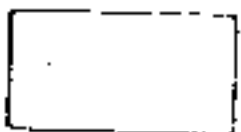
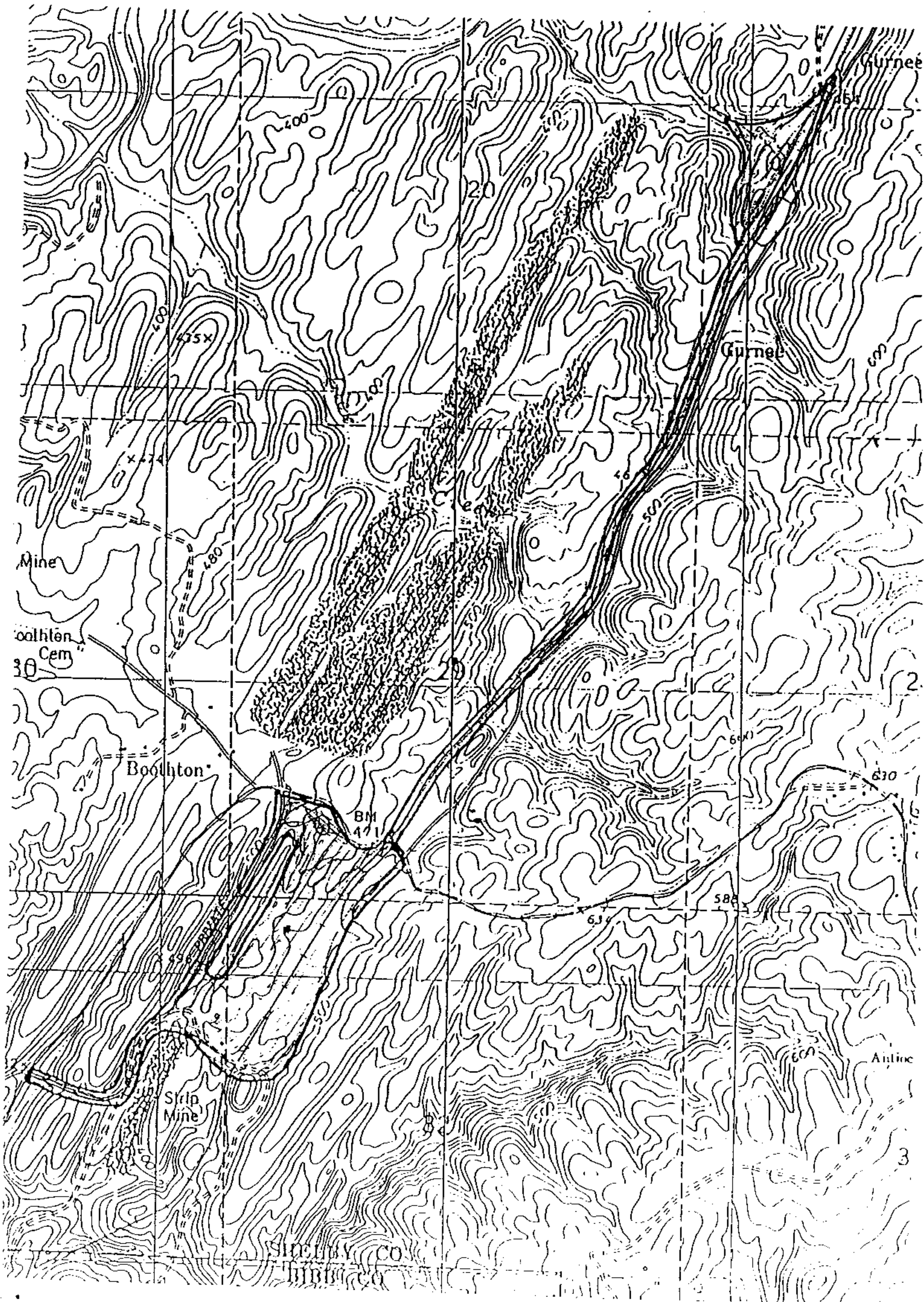
## **LEGAL DESCRIPTION**

**Lands in which USX Corporation owns all interests.**

Approximately one hundred fifty (150) acres of USX surface lands are hereby added to the lands described in said Contract, which lands include the site of the old Burgess Washer, a site at a rail junction known as Gurnee Junction, and the abandoned rail grade between Burgess and Gurnee Junction, all of which are located in Sections 19, 20, 29, 31 and 32, Township 21 South, Range 4 West of the Huntsville Principal Meridian, Shelby County, Alabama, and shown on map attached hereto and made a part hereof.



TOWNSHIP 21 SOUTH, RANGE 4 WEST  
SHELBY COUNTY, ALABAMA



LANDS FOR WHICH USA CORPORATION AND BIRMINGHAM TRADING COMPANY  
THE SURFACE FOR COAL WASHING, BLENDING AND LOADING FACILITIES  
BY THE DOCUMENT HEREIN REFERRED TO.

# EXHIBIT C

## LEGAL DESCRIPTION

Lands in which USX Corporation owns all interests and in which Bibb Energy is granted the right to use the surface according to the document hereto attached.

Township 21 South, Range 4 West

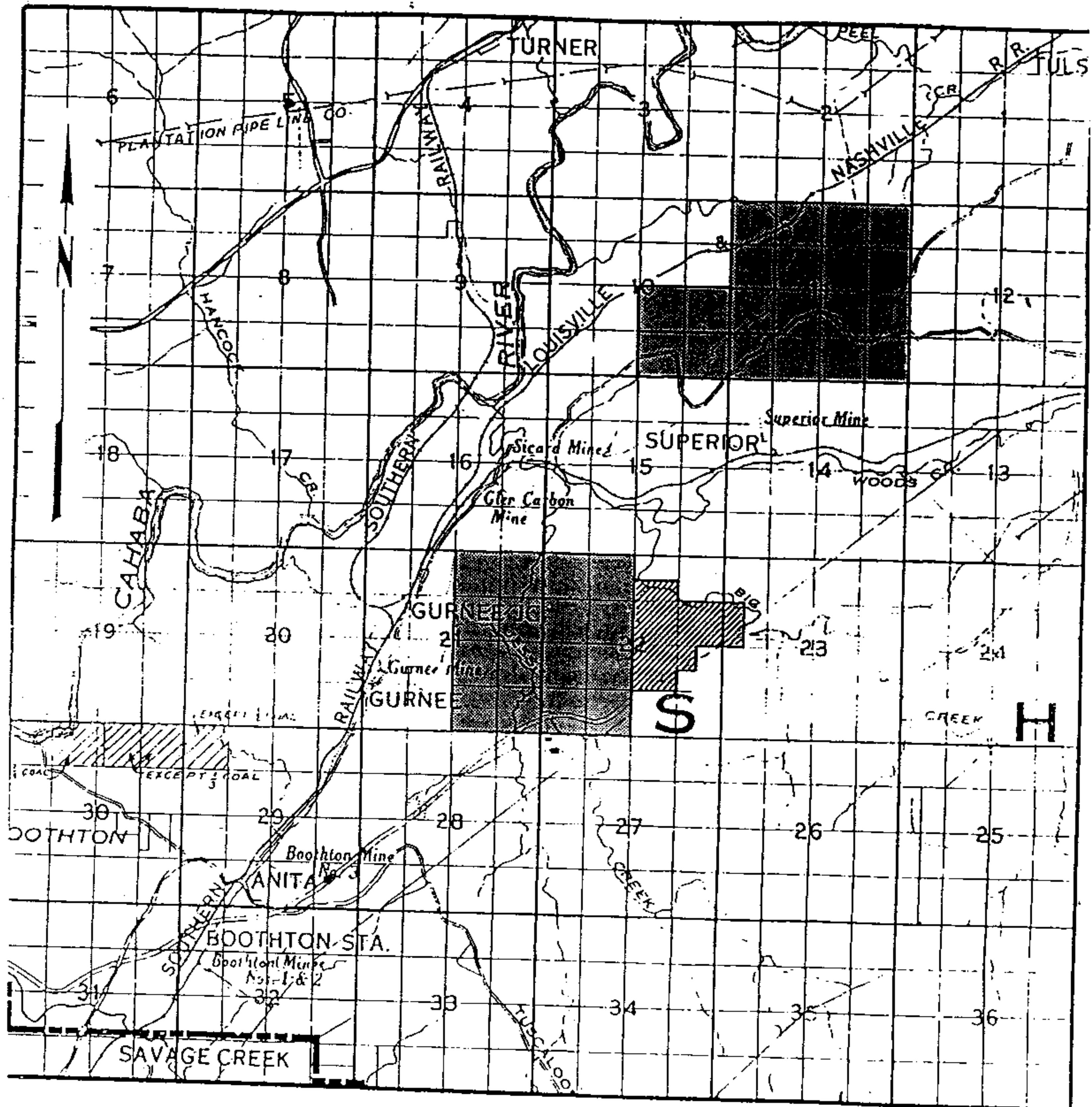
<u>Section</u>	<u>Description</u>	<u>Acres</u>
22	The South half of the North-East quarter.	80
	The South half of the North-West quarter of the North-East quarter.	20
	The North-West quarter of the North-East quarter of the South-East quarter.	10
	The North-West quarter of the South-East quarter	40
23	The west half of the South-West quarter of the North-West quarter	20
		-----
	Total	170



SOUTHERN LANDS & MINERALS  
 U.S. STEEL GROUP  
 USX CORPORATION  
 SCALE: 1"=4000' SEPTEMBER 1992

BIBB CO.  
 SHELBY CO.

T.21S.-R.4 W.



LANDS IN WHICH USX CORPORATION OWNS ALL INTERESTS AND IN WHICH  
 BIBB ENERGY WAS GRANTED THE RIGHT TO MINE COAL BY DOCUMENT  
 DATED SEPTEMBER 17, 1990.



LANDS IN WHICH USX CORPORATION OWNS ALL INTERESTS AND IN WHICH  
 BIBB ENERGY IS GRANTED THE RIGHT TO USE THE SURFACE BY DOCUMENT  
 HERETO ATTACHED.

2-764A LD

# EXHIBIT D

## LEGAL DESCRIPTION

### BIBB ENERGY

Lands in which USX Corporation owns all interests.

#### TOWNSHIP 21 SOUTH, RANGE 4 WEST

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>ACRES</u>
21	That part of the West half of Section 21 lying south and east of Southern Railway	219.00
22	The South-West quarter of North-East quarter; the North-West quarter of South-East quarter	80.00
27	The West half of North-West quarter	80.00
28	The North-East quarter; the East half of North-West quarter; the East half of West half of North-West quarter; The South-West quarter of South-West quarter of North-West quarter; the North half of South-West quarter; that part of the South-West quarter of South-West quarter lying north and east of a diagonal line beginning at the northwest corner of the South-West quarter of South-West quarter and ending at the southeast corner of the South-East quarter of South-East quarter; the North half of South-East quarter	463.33
TOTAL		842.33

J.D.M.  
1-25-93

Lands in which USX Corporation owns mineral interests only.

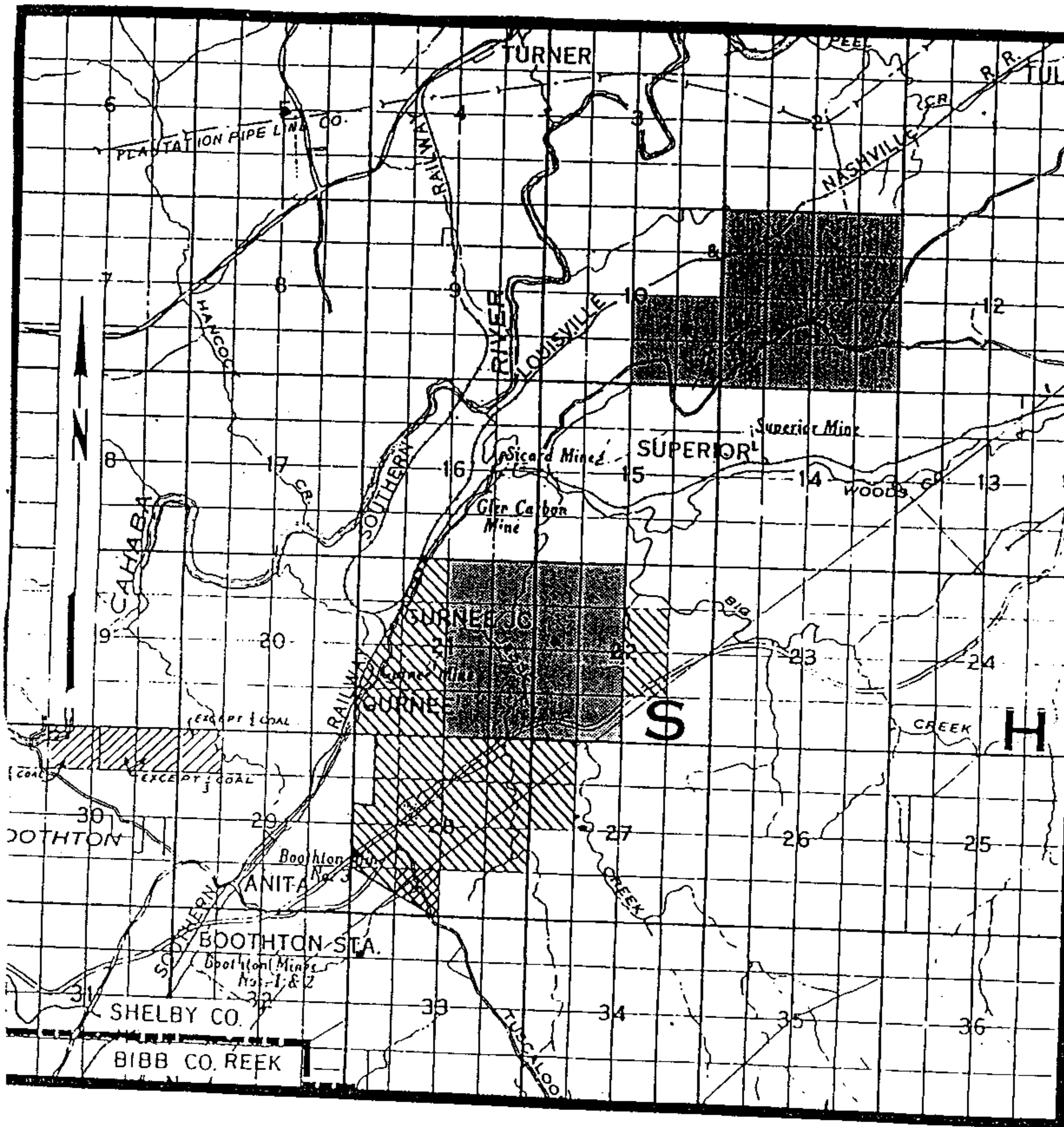
#### TOWNSHIP 21 SOUTH, RANGE 4 WEST

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>ACRES</u>
28	That part of the South-East quarter of South-West quarter lying north of a line beginning at the northwest corner of the South-West quarter of South-West quarter and ending at the southeast corner of the South-East quarter of South-West quarter	26.67
GRAND TOTAL		869.00

BIBB CO.  
SHELBY CO.

USX CORPORATION  
U.S. DIVERSIFIED GROUP  
SOUTHERN LANDS & MINERALS  
SCALE: 1" = 4000' JANUARY 1993

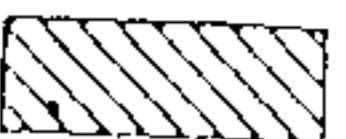
T.21S.-R.4 W.



Lands in which USX Corporation owns all interests and in which Bibb Energy was granted the right to mine coal by document dated September 17, 1990.



Lands in which USX Corporation owns Mineral interests only and in which Bibb Energy is granted the right to mine coal by document hereto attached.



Lands in which USX Corporation owns all interests and in which Bibb Energy is granted the right to mine coal by document hereto attached.

# EXHIBIT E

LEGAL DESCRIPTION OF LANDS TO BE ADDED TO LEASE PREMISES FOR UNDERGROUND MINING  
OF COAL IN THE COKE, CLARK, GHOLSON, THOMPSON AND HELENA SEAMS OF COAL

Group I - Lands in which USX Corporation owns all interests

Township 20 South, Range 3 West

<u>Section</u>	<u>Description</u>	<u>Acres</u>
31	The South-East quarter	160.0
	The South half of the South-West quarter	80.0

Township 21 South, Range 3 West

<u>Section</u>	<u>Description</u>	<u>Acres</u>
5	The North-West quarter	160.0
	The West half of the South-West quarter	80.0
6	The entire section	640.0
7	The entire section	640.0
8	The West half of the West half	160.0

Township 21 South, Range 4 West

<u>Section</u>	<u>Description</u>	<u>Acres</u>
1	The North-East quarter of the North-East quarter	40.0
	The South half of the North-East quarter	80.0
	The South-East quarter of the North-West quarter	40.0
	The South half of the section	320.0
2	The South half of the South-East quarter	80.0
10	The South half of the South-West quarter	80.0
12	The entire section	640.0
13	The North half of the North-West quarter	80.0
	The South-West diagonal half of the South-West quarter	80.0
14	The North-East quarter	160.0
	The West half of the South-East quarter	80.0
15	The North-West quarter of the North-East quarter	40.0
	The South half of the North-East quarter	80.0
	The North-West quarter	160.0
	The North-East quarter of the South-West quarter	40.0
	The South-East quarter	160.0



Township 21 South, Range 4 West (continued)

<u>Section</u>	<u>Description</u>	<u>Acres</u>
20	The South-East diagonal half of the South-East quarter of the South-East quarter	20.0
22	The North-West quarter of the North-East quarter	40.0
	The East half of the North-East quarter	80.0
	The South-West quarter of the South-East quarter	40.0
	The East half of the South-East quarter	80.0
23	The entire section	640.0
24	The West half of the section	320.0
25	The North-West diagonal half of the North-East quarter of the North-West quarter	20.0
	The North-West quarter of the North-West quarter	40.0
	The West half of the South-West quarter of the North-West quarter	20.0
	The West half of the North-West quarter of the South-West quarter	20.0
26	The North half of the section	320.0
	The South-West quarter	160.0
	The North half of the South-East quarter	80.0
27	The North-East quarter	160.0
	The East half of the North-West quarter	80.0
	The South half of the section	320.0
28	The South half of the South-East quarter	80.0
	The West half of the North West quarter of the North-West quarter	20.0
	The North-West quarter of the South-West quarter of the North-West quarter	10.0
29	The East half of the North-East quarter	80.0
	The North-East diagonal half of the North-East quarter of the South-East quarter	20.0
33	The East half of the section excepting 7.58 acres lying in the West half of the North-East quarter	312.42

Township 21 South, Range 4 West (continued)

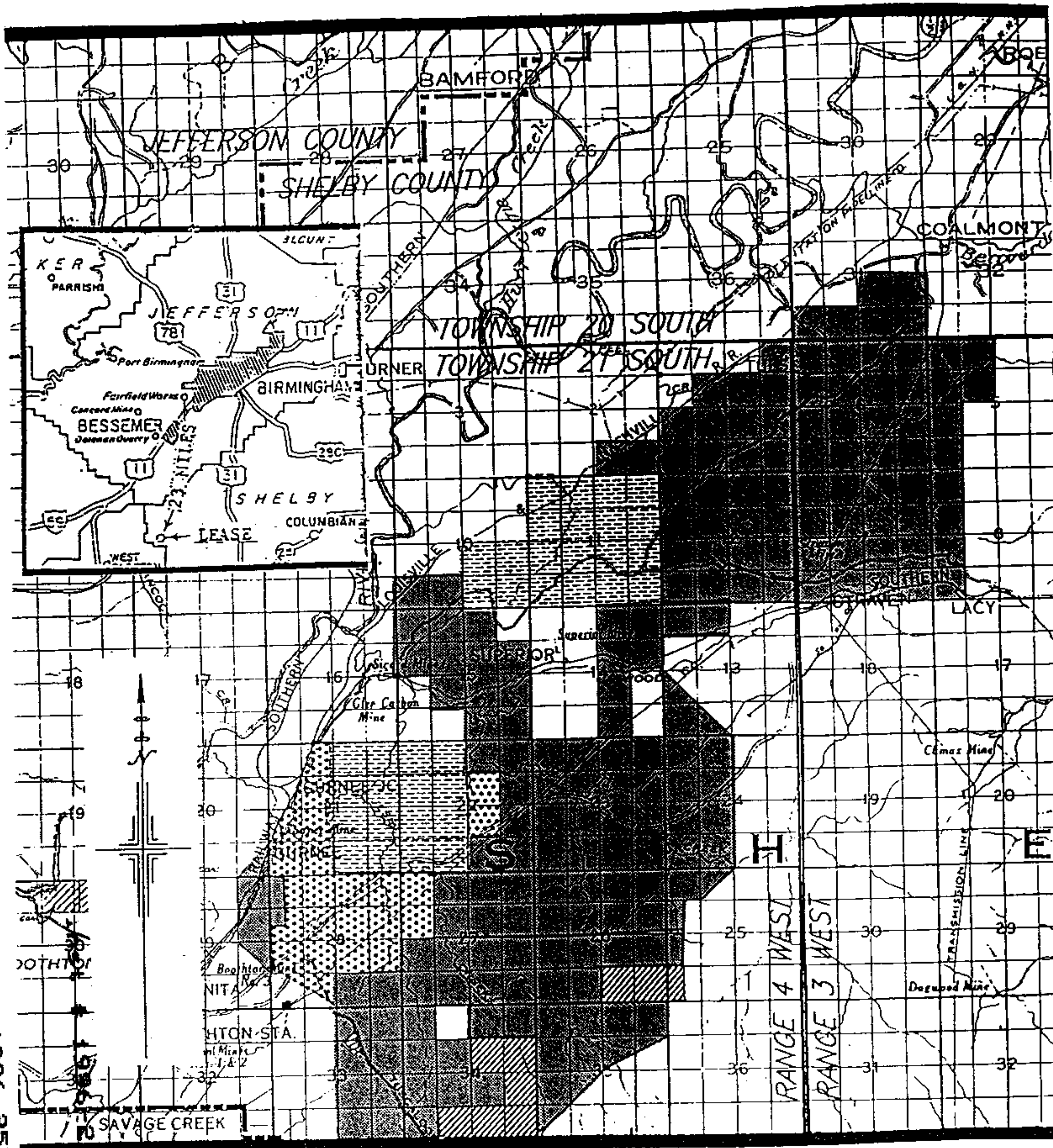
<u>Section</u>	<u>Description</u>	<u>Acres</u>
34	The North half of the North-East quarter	80.0
	The North-West quarter of the North-West quarter	40.0
	The South half of the North-West quarter	80.0
	The North half of the South-West quarter	80.0
	The South-West quarter of the South-West quarter	40.0
	The North-West quarter of the South-East quarter	40.0
35	The North-West quarter	160.0
	The North-West diagonal half of the South-West quarter	80.0
	The North half of the North-East quarter	80.0
	The North-West diagonal half of the South half of the North-East quarter	40.0
	TOTAL ACRES - GROUP I	7,762.42

Group II - Lands in which USX Corporation owns mineral interests only.





Township 21 South, Range 4 West

<u>Section</u>	<u>Description</u>	<u>Acres</u>
25	The West half of the South-West quarter of the South-West quarter	20.0
26	The South half of the South-East quarter	80.0
33	An irregular tract lying in the West half of the North-East quarter	7.58
34	The South half of the North-East quarter	80.0
	The South-East quarter of the South-West quarter	40.0
	The South half of the South-East quarter	80.0
	The North-East quarter of the South-East quarter	40.0
	TOTAL ACRES - GROUP II	347.58

**USX Corporation**  
**Resource Management**  
**Southern Lands & Minerals**  
 Approx. Scale: 1" = 5000' August, 1995



08/08/1996-25583  
 12:20 PM CERTIFIED  
 SHELBY COUNTY JUDGE OF PROBATE  
 DLS MCD 46.50

-  Lands of USX Corporation leased to Bibb Energy, Inc. for underground coal mining by document dated September 17, 1990 and assigned to Oak Mountain Energy Corporation November 10, 1994.
-  Lands of USX Corporation which were added to the lease premises by amendment dated May 1, 1993.
- GROUP I:
-  Lands in which USX Corporation owns all interests and for which Oak Mountain Energy Corporation is granted the right to mine coal according to the document hereto attached.
- GROUP II:
-  Lands in which USX Corporation owns minerals and mining rights only and for which Oak Mountain Energy Corporation is granted the right to mine coal according to the document hereto attached.