

## FIRST AMENDMENT TO COAL MINING LEASE

THIS AMENDMENT TO COAL MINING LEASE entered into this day September 13, 2010, by and between **RGGS LAND & MINERALS LTD., L.P.**, a Delaware limited partnership hereinafter referred to as "**RGGS**" or "**Lessor**", and **TACOA MINERALS, LLC**, an Alabama limited liability partnership, hereinafter referred to as "**Lessee**".

### W I T N E S S E T H

**WHEREAS**, RGGS and Lessee entered into that certain Coal Mining Lease dated December 20, 2007 (the "Lease"), which granted Lessee the right to mine coal by surface mining methods from the Clark Seam of coal and by underground mining methods from the Gholson and Clark Seams of coal all located on certain lands where RGGS owns minerals in Shelby County, Alabama (said lands are described in said Lease and are hereinafter referred to as the "Premises"); and

**WHEREAS**, RGGS and Lessee desire to amend said Lease;

**NOW THEREFORE**, in consideration of the covenants and promises of Lessee, as expressed to be kept and performed in said Lease, as expressed herein below, and intending to be legally bound, the parties hereto agree that said Lease is amended as follows:

1. Lessee is hereby granted the right to recover coal by underground mining methods from the Gholson and Clark Seams of coal as may exist on the lands described in detail in "**EXHIBIT A**" and as shown on map labeled "**EXHIBIT B**", both attached hereto and made a part hereof, said lands hereinafter referred to as the "**Premises**".

2. **Paragraph 4** of the Lease shall be amended by adding the following as **Paragraph 4.1**.

4.1 If at the end of the **five (5)** year term of this Lease,

(a) Lessee has diligently and aggressively mined on the Premises to the satisfaction of RGGS, but has not completed the mining of all the economically mineable and Merchantable coal on the Premises; and

(b) Lessee, its agents and assigns, are not in default of any of the terms and conditions of this Lease; and

(c) Lessee has mined and paid RGGS the Actual Production Royalty on at least **three hundred thousand (300,000) tons** of coal from the Premises, or, if having failed to mine said 300,000 tons of coal, Lessee has paid RGGS the estimated Actual Production Royalty on the difference between said 300,000 tons of coal and the number of tons actually mined by Lessee; and

(d) Lessee has given RGGS written notice of desiring an extension at least **ninety (90)** days prior to the end of said five (5) year initial term,

then Lessee may extend the term of this Lease beyond its natural termination date for a second term of three (3) years. The term of this Lease may be further extended in like manner for **two** additional terms of **three (3)** years each for a total lease term of **fourteen (14)** years with each additional term contingent upon Lessee's performance of items 4.1 (a), (b) and (d) and on Lessee mining or paying Actual Production Royalty on an additional three hundred thousand (300,000) tons of coal during the previous term of three (3) years. Any payments of estimated Actual Production Royalty made by Lessee under **Paragraph 4.1 (c)** shall be treated as Advance Royalty according to **Paragraph 10** of the Lease. RGGS, at its sole option, may waive the tonnage prerequisite for Lessee's any extension of the term of this Lease.



3. As a contemporaneous exchange upon execution of this Amendment to Coal Mining Lease, Lessee shall pay RGGS a bonus of **Twenty Five Thousand Dollars (\$25,000.00)** as consideration. Said consideration is not refundable under any circumstance.

4. The Minimum Royalty required under **Paragraph 11** of the Lease shall be changed to **Eight Thousand Dollars (\$8,000.00)** effective the first month after the month during which this Amendment to Coal Mining Lease is executed.

5. The language of **Paragraph 46** of the Lease shall be deleted in its entirety and replaced by the following:

A. Lessee shall, upon execution of this Amendment to Coal Mining Lease, provide RGGS with security protection as hereinafter set forth which will guarantee to RGGS that all of Lessee's or Lessee's assigns' obligations and liabilities to RGGS under this Lease shall be expeditiously kept and performed to the satisfaction of RGGS. Lessee shall provide RGGS with a standing irrevocable domestic Letter-of-Credit with a bank or banks acceptable to RGGS in an amount not less than **One Hundred Thousand Dollars (\$100,000)**, including RGGS, its successors and assigns, as the sole beneficiary thereof. The form of security must be acceptable to RGGS, must be irrevocable as long as Lessee has any obligation under this Lease, and must be immediately payable to RGGS upon demand by RGGS in the event Lessee should default on any monetary obligation to RGGS. Should RGGS withdraw any funds from the security provided by Lessee to satisfy a monetary obligation, Lessee agrees to replace the funds withdrawn within **ten (10)** days following receipt of written notice from RGGS that funds have been withdrawn. Each year on the anniversary of the Lease, the amount of security required may be adjusted upward or downward upon written notice from RGGS so that it shall equal the average of the three highest monthly royalty payments during the previous year rounded upward to the next higher Ten Thousand Dollar (\$10,000) increment. Upon receiving a written notice from RGGS of an adjustment to the amount of security required, Lessee shall have Thirty (30) days to provide said adjusted security to RGGS.

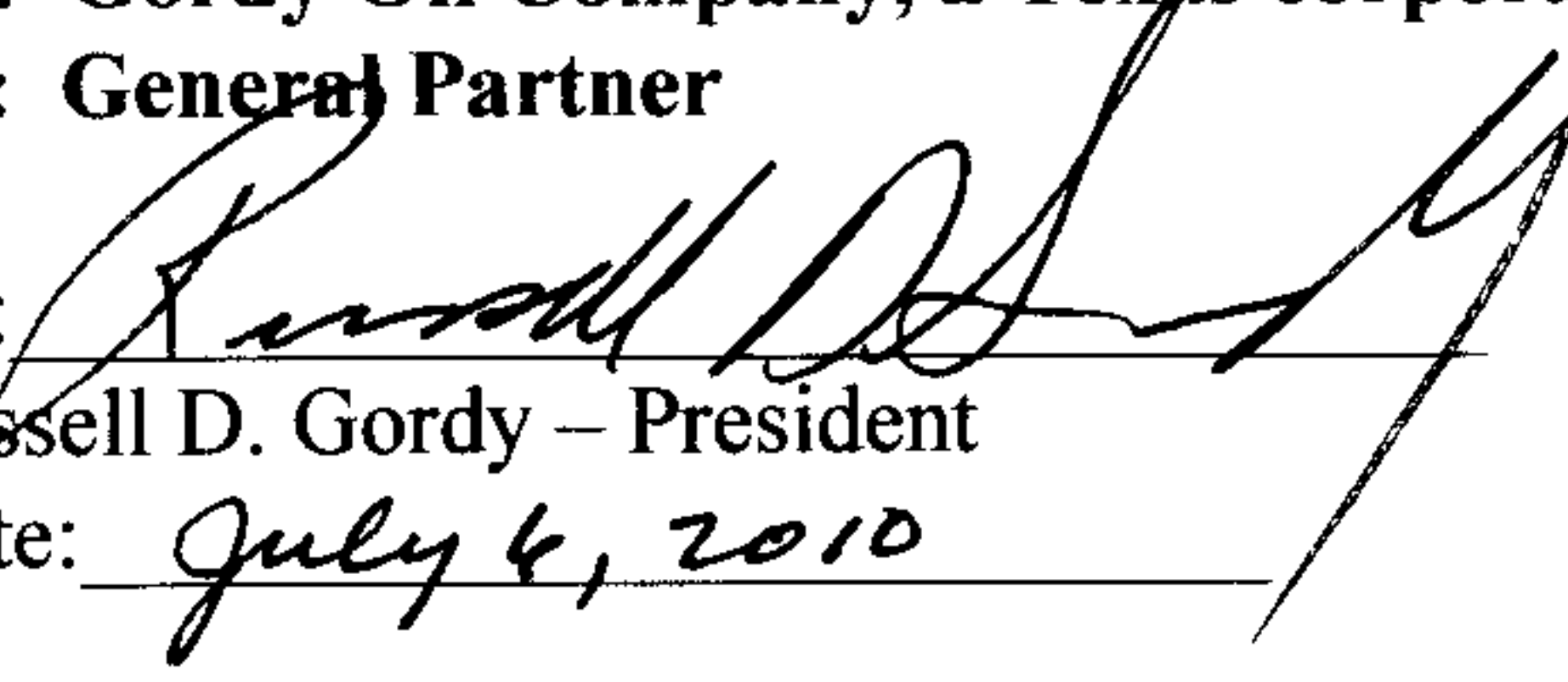
B. RGGS recognizes that Lessee has provided cash deposits to RGGS in the amount of Thirty One Thousand Two Hundred and Fifty Dollars (\$31,250.00) as security under the Coal Mining Lease dated September 6, 2005 between RGGS and Lessee and in the amount of One Hundred Thousand dollars (\$100,000.00) as security under the Coal Mining Lease between RGGS and Lessee dated February 20, 2007. It is agreed between RGGS and Lessee that the cash deposits already provided may be used to satisfy a monetary obligation of Lessee to RGGS under this Lease as well as the respective leases under which they were provided. If either of said security deposits shall be applied to a monetary obligation under this Lease, RGGS shall notify Lessee of such event and Lessee shall then replace the applied funds within **ten (10)** days following receipt of written notice from RGGS that said funds have been applied.

6. All other terms and conditions of the Lease shall remain in full force and effect.

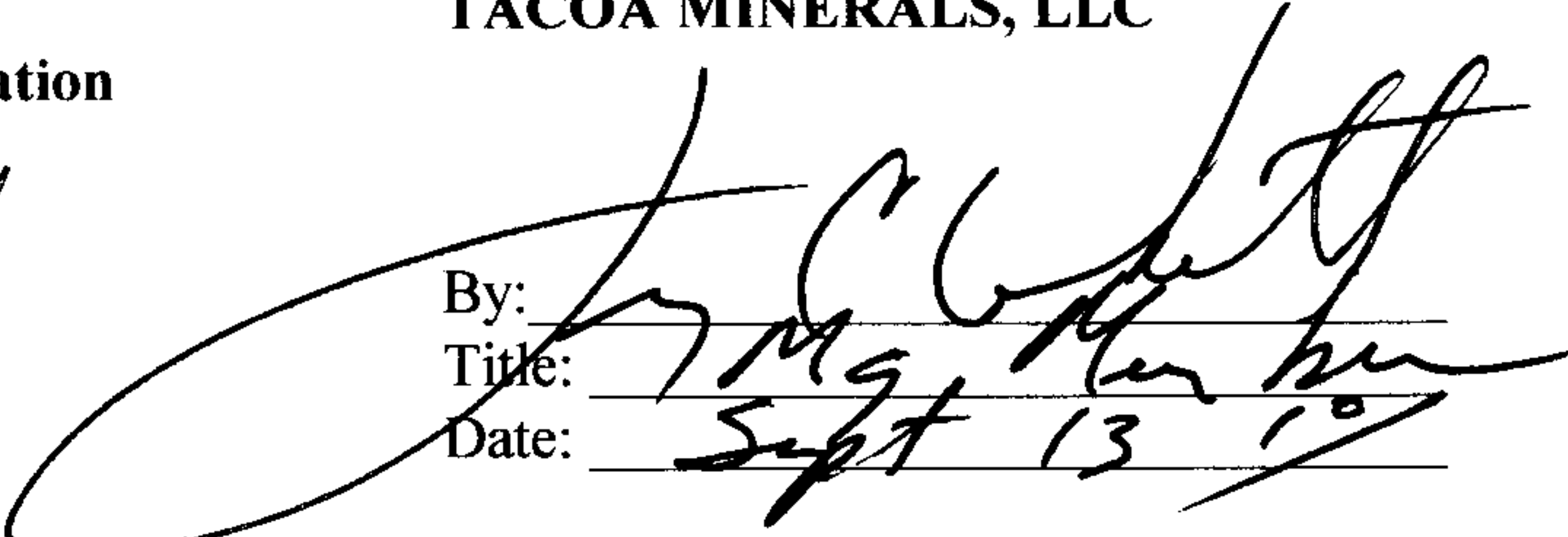
7. This Amendment shall be deemed to be effective on the date of execution hereof and shall continue in effect until the expiration of said Lease, unless sooner terminated as provided for therein.


**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be executed in duplicate counterparts by their duly authorized officers or representatives, as the case may be, on the day and year first above written.

**RGGS LAND & MINERALS LTD., L.P.**  
**By: Gordy Oil Company, a Texas corporation**  
**Its: General Partner**

By:   
Russell D. Gordy – President  
Date: July 4, 2010

**TACOA MINERALS, LLC**

By:   
Title: Manager  
Date: Sept 13 '10

  
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STATE OF TEXAS

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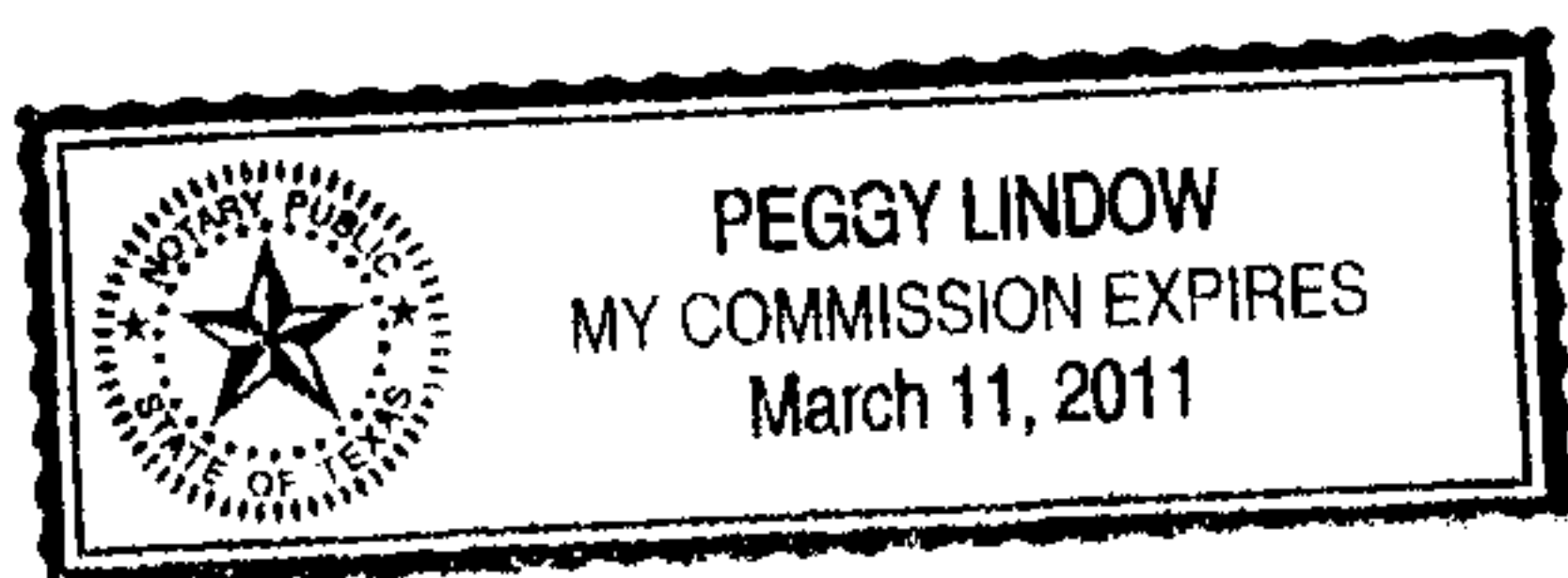
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COUNTY OF HARRIS

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I, Peggy Lindow, a Notary Public, in and for said County in said State, hereby certify that Russell D. Gordy, whose name as President of Gordy Oil Company, a Texas Corporation, general partner of RGGGS Land & Minerals, Ltd., L.P., a Delaware Limited Partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited partnership.

Given under my hand and seal this 6<sup>th</sup> day of July, 2010.



Peggy Lindow  
Notary Public  
State of Texas  
County of Harris  
My Commission Expires 3-11-2011

STATE OF ALABAMA \*  
COUNTY OF JEFFERSON \*

Before me, the undersigned, a Notary Public in and for said County and State, on this 13<sup>th</sup> day of SEPTEMBER, 2010, personally appeared JERRY C. WHITE, MARAGUX KENDER known to me to be the identical person who subscribed the name of TACOA MINERALS, LLC. to the foregoing instrument as its officer and acknowledged to me that he executed the same as his free and voluntary act and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal this 13<sup>th</sup> day of SEPTEMBER 2010.

[Signature]  
Notary Public  
State of ALABAMA  
County of JEFFERSON  
My Commission Expires 2/2/14

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# EXHIBIT A

## LEGAL DESCRIPTION OF LEASE PREMISES


The following described lands located in Shelby County, Alabama are added to the Premises of the Coal Mining Lease between RGGGS Land & Minerals Ltd., L.P and Tacoa Resources, LLC dated December 20, 2007 according to the terms of the document hereto attached:

### Township 21 South, Range 3 West


Section	Description	Acres
Section 5	The West half of the Southwest quarter.	80.0 acres
	The Northwest quarter.	160.0 acres
Section 6	The entire section.	640.0 acres
Section 7	The entire section.	640.0 acres
Section 8	The West half of the West half.	160.0 acres

### Township 21 South, Range 4 West,

Section	Description	Acres
Section 1	The Northeast quarter.	160.0 acres
	The South half.	320.0 acres
	The Southeast quarter of the Northwest quarter.	40.0 acres
Section 2	The South half of the Southeast quarter.	80.0 acres
Section 10	The Southeast quarter of the Northeast quarter.	40.0 acres
	The Southeast quarter.	160.0 acres
	The Southeast quarter of the Southwest quarter.	40.0 acres
Section 11	The entire section.	640.0 acres
Section 12	The entire section.	640.0 acres
Section 13	The Southwest diagonal half of the Southwest quarter.	80.0 acres
	The North half of the Northwest quarter.	80.0 acres
Section 14	The Northeast quarter.	160.0 acres
	The West half of the Southeast quarter.	80.0 acres
Section 15	The South half of the Northeast quarter.	80.0 acres
	The Northwest quarter of the Northeast quarter.	40.0 acres
	The Southeast quarter.	160.0 acres
	The Northeast quarter of the Southwest quarter.	40.0 acres
	The Northwest quarter.	160.0 acres
Section 21	The entire section.	640.0 acres
Section 22	The East half of the East half.	160.0 acres
	The Southwest quarter of the Southeast quarter.	40.0 acres
	The South half of the Southwest quarter.	80.0 acres

  
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Section 23	The entire section.	640.0 acres
Section 24	The West half.	320.0 acres
Section 25	The Northwest diagonal half of the Northeast quarter of the Northwest quarter.	20.0 acres
	The Northwest quarter of the Northwest quarter.	40.0 acres
	The West half of the Southwest quarter of the Northwest quarter.	20.0 acres
	The West half of the West half of the Southwest quarter.	40.0 acres
Section 26	The entire section.	640.0 acres
Section 27	The entire section.	640.0 acres
Section 28	The entire section.	640.0 acres
Section 35	The North half of the Northeast quarter.	80.0 acres
	The Northwest diagonal half of the South half of the Northeast quarter.	40.0 acres
	The Northwest diagonal half of the Southwest quarter.	80.0 acres
	The Northwest quarter.	160.0 acres
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	<b>Total mineral acres</b>	<b>8,960.0 acres</b>

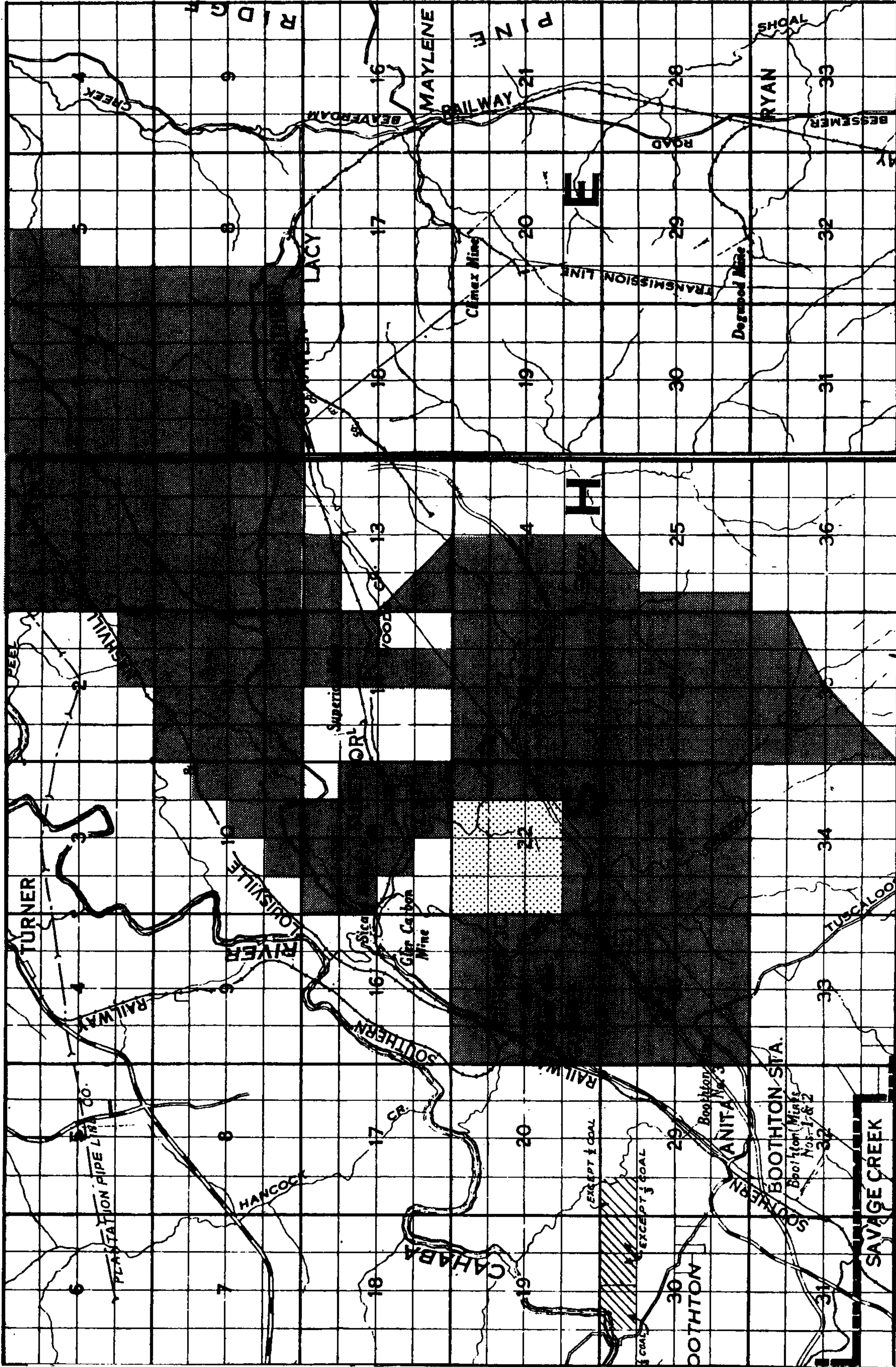
  
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# RGGS LAND & MINERALS LTD., L.P.

T.21S.-R.4 W.

T.21S-R.3 W.



Lands leased to Taco Minerals LLC by document dated February 20, 2007.

Lands added to the Lease Premises by the document hereto attached.

EXHIBIT B