

ASMC Use Only:

Fee: _____
Bond Required: _____
Date Approved: _____

APPLICATION FOR PERMIT REVISION

Name of Permittee: CClay, Inc.
License Number: L-778 Permit Number: P-3934-01-16-S
Permit Expiration Date: 04/30/16 Mine Name: Skelton Creek Operation
Revision Number: Revision R-1

Nature of Revision:

- 1) Add 7.0 acres to create Increment No. 5 for coal fines area and Basin 006P.
- 2) Add 5.0 incidental acres to create Increment No. 6 for Primary Roads 4P and 5P.
- 3) Update the General Plan and Hydrologic Monitoring Plan for the addition of Basin 006P as a permanent water impoundment, fish and wildlife habitat.
- 4) Update the Operations Plan.
- 5) Submit detailed design plans for Basin 006P.
- 6) Submit detailed design plans for Primary Roads 4P and 5P.
- 7) Update the surface ownership.

Attach Detailed estimate of effect of proposed revision on reclamation costs.

Applicant: CClay, Inc.
Mine Name: Skelton Creek Operation
Permit Number: P- 3934, Revision R-1

STATE OF ALABAMA

SURFACE MINING COMMISSION

- () Permit Application for a Surface Coal Mine
() Permit Application for an Underground Coal Mine
() Permit Application for a Preparation Facility

1. PERMIT APPLICANT

Name: CClay, Inc.
Street Address: 119 Watkins Circle
City: Dora State: AL Zip: 35062
Mailing Address: P.O. Box 314
City: Dora State: AL Zip: 35062
Telephone Number: (205) 385-2848
Social Security Number(Voluntary): _____
Employer Identification Number: 20-5210538
ASMC License#: L-778

2. ENTITY OR PERSON RESPONSIBLE FOR PAYING ABANDONED MINE LAND RECLAMATION FEES

Name: Applicant
Street Address: _____
City: _____ State: _____ Zip: _____
Mailing Address: _____
City: _____ State: _____ Zip: _____
Telephone Number: (_____) _____
Social Security Number(Voluntary): _____
Employer Identification Number: _____
ASMC License#: _____

3. IDENTIFY THE OPERATOR FOR THIS MINE IF DIFFERENT FROM THE PERMITTEE

Name: Applicant
Street Address: _____
City: _____ State: _____ Zip: _____
Mailing Address: _____
City: _____ State: _____ Zip: _____
Telephone Number: (_____) _____
Social Security Number(Voluntary): _____
Employer Identification Number: _____
ASMC License#: _____

4. CONTACT PERSON FOR PERMIT REVIEW ISSUES AND CORRESPONDENCE

Name: Heath Franks c/o PERC Engineering Co., Inc.
Mailing Address: Post Office Box 1712
City: Jasper State: AL Zip: 35502-1712
Telephone Number: (205) 295-3112

Applicant: <u>CClay, Inc.</u> Mine Name: <u>Skelton Creek Operation</u> Permit Number: P- <u>3934, Revision R-1</u>

PART I C. PROPERTY OWNERSHIP, INTERESTS AND RIGHTS

1. OWNERSHIP OF PROPERTY TO BE MINED AND RIGHT OF ENTRY.

INSTRUCTIONS: Show the property ownership boundaries of each parcel of land in the permit area on the permit map or an overlay of the same scale as the permit map. If the surface estate is severed from the mineral estate, show and describe the ownership of each estate separately. In the spaces below, identify:

1. Every current legal or equitable owner(s) of record (as found in a standard search of title) of the property;
2. The holders of record of any leasehold interest in the property; and,
3. Any purchaser of record under a real estate contract of the property.

Describe the basis of the applicant's legal right to enter and mine on all properties contained in the permit application. If the mineral estate has been severed from the surface estate, describe the basis of the legal right to enter and mine both the surface and mineral separately. Give the nature of such right (i.e. lease, deed, contract, etc.), where recorded, describe from whom, to whom, and the date executed, and whether that right is the subject of pending litigation.

USE ADDITIONAL SHEETS IN THE FORMAT BELOW AS NECESSARY

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Page 1 of 3

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Legal description of property or permit map symbol: JER Properties, LLC (S)

Surface/Mineral/or Fee Simple (both): Surface

Legal owner(s) of record: Pauline Reachard

Address: 828 Runyan Drive City: Chattanooga State: TN Zip: 37405

Holders of leasehold interest: _____

Address: _____ City: _____ State: _____ Zip: _____

Purchasers under a real estate contract: _____

Address: _____ City: _____ State: _____ Zip: _____

Description of right to enter or mine:

Describe the type of document or conveyance which grants the right of entry, disturbance or mining. Indicate from whom the right was acquired and to whom the right was granted. If the grantor of the right is not the owner(s) of property, identify all grantors and grantees of the right beginning with the owner(s) and ending with the permit applicant.

Describe Right of Entry (If deed indicate where recorded):	Granted From:	Granted To:	Date Granted:	Litigation Pending? (Yes or No) If yes, explain.
Lease	JER Properties, LLC	Kennedy Brothers, LLC	7/13/2012	No
Right-of-Entry	Kennedy Brothers, LLC	CClay, Inc.	9/28/2012	

MINING AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into this the 28 day of September, 2012 by and between C. Clay, Inc., (hereinafter referred to as "Clay") and Kennedy Brothers Construction, LLC, (hereinafter collectively referred to as "Kennedy"):

RECITALS

WHEREAS, Clay currently possesses all applicable necessary permits to conduct mining activities and operations at Skelton Creek, Alabama Surface Mining Commission Permit P-3924 ("Skelton Creek Mine");

WHEREAS, certain land owners own property at Skelton Creek Mine, including JER Properties, LLC ("JER"), Alawest and McCarty;

WHEREAS, JER has a valid lease agreement with Kennedy, granting Kennedy the right to mine and remove Coal Refuse from its property; and

WHEREAS, Clay represents it has a valid lease to mine the Alawest property and the McCarty property under Permit P-3924; and

WHEREAS, Clay and Kennedy have agreed that Clay shall transfer the Skelton Creek Mine permits for the JER Property, the Alawest property and the McCarty property to Kennedy according to the terms and conditions set forth herein, but that pending the transfer, Kennedy shall grant Clay a Right of Entry to the JER property and shall perform as contract miner for Clay with total control of the mining operations. Said contract mining shall be in strict compliance with this agreement and upon complete transfer of the ASMC permit and the ADEM permit to Kennedy, Kennedy shall continue to mine as the Permittee until all coal refuse is mined from the JER, Alawest and McCarty property.

WHEREAS, Clay has agreed to transfer the coal mining leases between Clay and Alawest and Clay and McCarty to Kennedy.

WHEREAS, Clay has agreed to transfer the Franklin Drill Option to Kennedy.

WITNESSETH

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in consideration of the mutual covenants herein contained, the parties hereby agree that Clay does hereby agree to transfer the ASMC Permit P-3924 and the ADEM Permit

to Kennedy and Kennedy agrees and binds himself to mine and remove the Coal Refuse from the JER, Alawest and McCarty properties at the Skeleton Creek Mine upon the following terms and conditions.

Clay shall transfer and/or assign the coal mining lease between Clay and Alawest and between Clay and McCarty to Kennedy.

For mining operations on the JER, Property, Alawest Property and McCarty Property, the following shall apply:

Clay hereby agrees to transfer and/or assign the mining permits applicable to Skeleton Creek Mine which includes JER, Alawest and McCarty property to Kennedy according to the terms and conditions set forth herein. Clay shall use its best efforts to effectuate the transfer in a timely manner.

Kennedy shall be responsible for making all royalty payments under the terms as set out in the JER, Alawest and McCarty leases.

For Coal Refuse shipped and sold to Cemex, Inc. (the "Cemex Order"), Clay shall pay Kennedy [REDACTED] per ton FOB Mine for all such Coal Refuse on the Cemex order. For any Coal Refuse shipped and sold to any other customer other than Cemex, Clay shall pay Kennedy [REDACTED] per ton FOB mine for all such Coal Refuse shipped and sold. Clay shall remit such payment to Kennedy within ten (10) business days of delivery of coal to customer.

Clay shall provide equipment necessary for the mining operation which shall include: One 80Z Kawasaki rubber tire loader, one SK 350 Kobelco excavator, two TA35 Terex trucks one 1650 L case Dozer. Clay shall keep any payments on equipment current and shall keep the insurance payments correct and Kennedy will be responsible for maintenance of said machinery.

It shall be the objective of the parties that Kennedy will produce no less than 4000 tons of marketable coal per month.

Kennedy shall control all hauling of coal from the mine site to the screening yard at a cost of [REDACTED] per ton. As, for the Cemex hauling Clay will be responsible for any hauling from the screening yard to Cemex. Clay agrees that when a new contract comes up for Cemex in January of 2013, Clay agrees to rebid hauling rates from screening yard to Cemex.

it is agreed that Kennedy will produce sufficient monthly tonnage to fill the Cemex order with any additional production to go toward filling other orders.

Kennedy shall be responsible for all reclamation and agrees to replace the current bond provided by Clay.

Should the Cemex order with Clay become expired or terminated, then in that event, this Agreement shall terminate and Kennedy will continue mining and will be free to sell the coal on the open market.

C-Clay reserves the right to market the coal fines removed from the Mcarty, Alawest, and Franklin properties as long as C-Clay stays within the boundaries of this agreement and the price meets this contracts specifications.

Pending Clay's transfer of the mining permits to Kennedy, the following terms and conditions shall apply:

Kennedy as Contract Miner: Kennedy shall serve as miner for Clay, which shall mean that Kennedy shall mine operations in accordance with applicable laws and regulations in accordance with the terms and conditions set forth herein. Kennedy's service as mine manager shall be expressly conditioned upon his continued adherence to the provisions set forth herein.

Right of Entry: Pending the formal transfer of the Skelton Creek Mine permits, Kennedy, as the lessee of the entry upon the JER Property, hereby grants and/or assigns sufficient to fully comply with Section 880-x-8d-.07 of the Alabama Administrative Code. The intention of the hereto is to satisfy the legal and administrative requirement to allow Clay to hold open its current Skelton Creek Mine permits so that mining operations may continue at the mine site and, to that extent, the parties hereto agree to execute any further documents necessary to effectuate that intent.

This Agreement, which includes the Recitals and any attachments or schedules attached hereto, represents the entire agreement between and among the parties hereto and supersedes any other agreement, whether written or oral, that may have been made or entered into by the parties (or by any officer or officers of any such parties) relating to the matters contemplated herein. This Agreement cannot be amended, altered or changed in any way without parties' express, written consent. Each party hereto expressly warrants and represents to the other party that before executing this Agreement said party has fully informed himself or itself of the terms, contents, conditions and effect; that no promises or representations of any kind have been made to him or it on behalf of the other parties to this Agreement, except as expressly stated herein; that said party has relied solely on his or its own judgment in executing this Agreement; and that each party hereto has had the opportunity to seek and obtain the advice of counsel before entering into this Agreement. No provision in this agreement shall be interpreted for or against any party because that party or that party's legal representative drafted the provision.

Amendments and Waivers. This Agreement may be amended, modified, superseded, or canceled, and any of the terms, representations, warranties or covenants hereof may be waived, only by written instrument executed by each of the parties or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of any condition or of any breach of any term, representation, warranty or covenant under this Agreement, whether by conduct or other wise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any other condition or of any breach of such condition or waiver of any other condition or of any breach of any other term, representation, warranty or covenant under this Agreement.

Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

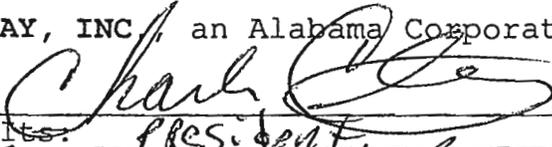
Separability Provisions. Each provision of this Agreement shall be considered separable, and if, for any reason, any provision or provisions herein are deemed to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

Continuing Cooperation. Both parties hereto agree to execute any and all documents of effectuate the terms and conditions set forth herein and to continue to cooperate with one another in order to carry out the terms and conditions set forth herein.

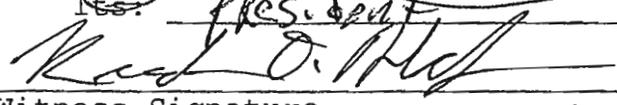
Bonding. For any party hereto to possess a mining permit, it must comply with any and all applicable law or regulation including, but not limited to, demonstrate the ability to post the applicable reclamation bond amount.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this the 28 day of September, 2012.

C.CLAY, INC. an Alabama Corporation

By: 

Its: PRESIDENT


Witness Signature

Print Name: Brandon O. Hodges

KENNEDY BROTHERS
CONSTRUCTION, LLC, an Alabama
Limited Liability Company

By: *Pat Kennedy*
Its: *owner*

DeWayne Kennedy
Witness Signature
Print Name: *DeWayne Kennedy*

**MY COMMISSION EXPIRES
JULY 8, 2015**

*Billie J
Bann*

STATE OF ALABAMA)

JACKSON COUNTY)

COAL RECOVERY AGREEMENT

This Coal Recovery Agreement ("Agreement") is entered into on July 13, 2012 (the "Effective Date") by and between JER Properties, LLC ("JER"), and Kennedy Brothers, LLC, an Alabama entity ("KB"). JER and KB may be referred to herein collectively as the "Parties" or individually as a "Party".

WHEREAS, KB desires to extract coal refuse from JER's property located in or around Maxine, Jefferson County, Alabama (the "Site") and process the material for sale; and

WHEREAS, JER is willing to grant KB the right to remove, process and sell the coal material subject to the terms and conditions of this Agreement.

WITNESSETH:

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. REMOVAL OF COAL REFUSE; TITLE AND RISK OF LOSS

1.1 Exclusive Rights to Coal Refuse. JER grants to KB the exclusive right to remove all coal refuse, including coarse coal and fines (collectively, the "Coal Refuse"), located on the property described as follows:

All of the south half of the NE1/4 of Section 2, Township 17 South, Range 6 West except the northerly 265.2 feet thereof, being a tract of 64 acres, more or less;

ALSO:

Begin at the NW corner of the NW1/4 of the SE1/4 of Section 2, Township 17 South, Range 6 West and run South 210 feet along the 1/4-1/4 line; thence turn left and run east parallel with the north line of the 1/4-1/4 to the west side of the public road; thence turn left and run northerly along the road to a point on the north line of the 1/4-1/4; thence turn left and run west along the said north line of the 1/4-1/4 to the point of beginning, being a tract of 2.5 acres, more or less.

This property is the same property described in that certain deed from Pauline Reachard to Edward J. Reachard dated May 11, 1987 and recorded in real estate records in Jefferson County, Alabama on June 12, 1987 and as transferred to JER Properties, LLC by deed dated December 15, 2005 and recorded in real estate records of Jefferson County, Alabama attached hereto as Exhibit "A".

This property is further identified as Skelton Creek Mine, where coal fines have been deposited, that have been discarded by previous mining operations. In removing the Coal Refuse from the Site, KB may utilize whatever methods KB deems appropriate, subject to applicable permit and other legal requirements.

1.2 Title and Risk of Loss. Immediately upon KB's removal of any Coal Refuse, title to and risk of loss for such Coal Refuse (and any products derived from KB's processing methods) shall transfer from JER to KB.

1.3 Processing of Coal Refuse. KB, at its own expense, will provide all necessary machinery and equipment to process the Coal Refuse into "Coal" ready for sale.

2. COMPENSATION AND PAYMENT TERMS

Royalty. In consideration of the rights granted to KB under this Agreement, KB agrees to pay JER a royalty on coal sales made by KB, equal to [REDACTED] percent [REDACTED] of the selling price (FOB) facility site, Maxine, AL.

There will be a minimum royalty of [REDACTED] per ton. Regardless of the sales price of the coal sold. Royalty payments shall be made by KB by the 15th of each month with respect to all coal sold the previous month.

3. TERM AND TERMINATION

3.1 Term. This Agreement shall commence as of the Effective Date and continue in full force for three (3) years with right to renew for two (2) additional years. In order for KB to renew for the two (2) year extension, KB must be in production at the end of the initial three (3) year term with production to be no less than 2,000 tons of coal sales per month for the six (6) months prior to the end of the three (3) year lease term. It being expressly agreed that such minimum production will continue into and through the renewal term.

3.2 Notice and Effect of Termination. KB shall provide JER with at least thirty (30) days advance written notice of termination.

4. WEIGHTS AND RECORDS

KB shall use certified truck scale weights to account for all amounts of coal being produced at the Facility. KB shall also maintain adequate weight and sales records for all coal, a summary of which will be provided with the monthly royalty payments. Upon JER's request and reasonable advance notice, KB shall make available for inspection all detailed weight and sales records, including scale certifications.

All Coal Fines shall be weighed on site and only be removed from JER's property only to be sold and transported to market.

5. TAXES

5.1 Tax Benefits. KB or it assigns shall have the right to any and all tax benefits arising from extracting and processing the Coal Refuse and sales of Coal.

5.2 Real Property Taxes. It is the intention of the Parties that JER shall pay all real estate taxes, assessments (general and special), and other charges in the nature of real estate taxes which may be levied, assessed or charged against the Site, accruing or becoming due and payable during the term of this Agreement.

6. REPRESENTATION AND WARRANTIES

6.1 Ownership of Coal Refuse. JER represents and warrants that it has good and marketable title to the Coal Refuse and owns the Coal Refuse free and clear of any liens, claims or other encumbrances.

6.2 Ownership or Control of the Site. JER further represents and warrants that it has under control, by ownership or lease, the real property on which the Coal Refuse is located and that the Site is free and clear of any liens, claims or other encumbrances.

7. NO UNREASONABLE INTERFERENCE

JER covenants that it and any of its successors, assigns, lessees, designees, grantees, agents, servants, employees, or contractors, shall not unreasonably interfere with the extraction of Coal Refuse or operation of the Facility pursuant to this Agreement so long as KB is in compliance with all terms and conditions of this Agreement.

8. INDEMNIFICATION

Each party shall defend, indemnify and hold harmless the other Party, its affiliates, and each of their respective directors, officers, employees and agents from and against any claim, action, suit, proceeding, loss, liability, damage or expense (including reasonable attorneys' fees) (each a "Claim"), to the extent such Claim arises from or relates to (a) a breach of any of the representations and warranties contained herein, and/or (b) a Party's negligence or intentional malfeasance.

9. INSURANCE

KB agrees to obtain and maintain from reliable companies liability insurance showing JER as an additional insured in an amount not less than \$1,000,000 (One Million Dollars) per occurrence and \$3,000,000 (Three Million Dollars) in the aggregate, and shall include blanket contractual and broad form property damage.

10. COMPLIANCE WITH LAWS

KB agrees to comply with all applicable laws, statutes, ordinances, rules and regulations relating to the work it performs pursuant to this Agreement.

11. PERMITS

It is understood that KB will immediately apply for and be responsible for maintaining all federal, state and local permits necessary to perform the intended coal removal activities. In the event that within six (6) months of the date of this Agreement KB is unable to obtain any and all permits necessary to begin production of coal sales, then at any time thereafter, JER shall have the right in JER's absolute and sole discretion to terminate this lease; provided, that as to ADEM, KB has nine (9) months to obtain all necessary ADEM permitting. All other permitting shall be done in the above six (6) months. If either of the groups of permitting is not timely, Lessor may terminate.

12. FORCE MAJEURE

No party will be held liable or responsible to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this

Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including, but not limited to, fire or floods, embargoes, war, acts of war (whether war is declared or not), insurrections, riots, acts of terrorism, commotions, strikes, lockouts or other labor disturbances, acts of God, or acts, omissions or delays in acting by any governmental authority or the other Party, provided, however, it is understood that this provision is intended only to suspend and not discharge a Party's obligations under this Agreement and that when the causes of the failure or delay are removed or alleviated, the affected Party will resume performance of its obligations hereunder.

13. CHOICE OF LAW/VENUE

This Agreement will be governed by and construed in accordance with the laws of the State of Alabama without regard to its conflict of law rules, principles or provisions of such state or of any other state. The sole jurisdiction and venue for any litigation arising out of this Agreement will be the State Court located in Birmingham, Alabama, and each party hereby consents to such jurisdiction.

14. NOTICES

All notices, requests, consents, invoices and official communications relating to this Agreement (a "Notice") shall be in writing and shall be sent by personal delivery, certified or registered mail, or by a recognized commercial courier to the address set forth below (or to such other address as either Party may designate from time to time by written notice).

JER Properties, LLC
828 Runyan Drive
Chattanooga, TN 37405-1204

Kennedy Brothers, LLC
17160 Lock 17 Road
Brookwood, AL

Copy to:
John R. Anderson
Grant, Konvalinka & Harrison
633 Chestnut Street, Suite 900
Chattanooga, TN 37450-0900

A Notice delivered personally or by courier will be deemed effective on the day it is delivered. Notices sent by certified or registered mail shall be deemed effective three (3) days after being sent.

15. UNENFORCEABLE PROVISION

If any paragraph, provision or clause in this Agreement shall be found or held to be invalid or unenforceable in any jurisdiction

in which this Agreement is being performed, the remainder of this Agreement shall be valid and enforceable and the Parties shall negotiate, in good faith, a substitute an enforceable provision.

16. GOOD FAITH AND FAIR DEALING

The Parties agree to conduct their relationship under this Agreement in accordance with the standard of good faith and fair dealing.

17. RELATIONSHIP OF THE PARTIES

Notwithstanding any provision hereof, for all purposes of this Agreement, each Party shall be and act as an independent contractor and not as a partner joint venturer or agent of the other Party, and shall not have authority to bind, nor attempt to bind the other Party to any contract or agreement.

18. ENTIRE AGREEMENT

This Agreement, including any attached Exhibits, embodies the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations, understandings or other writings. No rescission, modification, waiver or amendment shall be made by the terms of any purchase order or acknowledgment form. No revision, modification or amendment of this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by both Parties.

19. EXECUTION AND COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument and a facsimile transmission copy shall have the same force and effect as the original. All signatories to this Agreement certify that they have actual authority to sign and to bind their principals.

20. ASSIGNMENT

Parties agree that this Agreement may not be assigned by either Party without the prior written consent of the Party hereto, such consent to be exercised by the appropriate Party in that Party's sole discretion; provided, however, in the event of a bona fide offer to purchase the property from JER by a third party, KB's consent shall not be unreasonably withheld.

21. CHANGE IN CONTROL

It is hereby represented and warranted by KB that the owners of KB are as set forth on Exhibit B attached hereto and made a part hereof. It is hereby agreed by KB that in the event that the Company is sold or the membership is altered from what is set forth in Exhibit B attached hereto, without the prior written consent of JER, then this Agreement shall be immediately null and void and of no further force and effect.

22. ATTORNEYS' FEES

In the event either Party moves to enforce the terms and conditions of this Agreement, then the non-defaulting prevailing Party shall be entitled to recover reasonable attorneys' fees hereunder for the enforcement of this Agreement.

[Signature Page on page next following]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

LANDOWNER:
JER PROPERTIES, LLC

KENNEDY BROTHERS, LLC

By: [Signature]
Its: Authorized Representative

[Signature]
Managing Member

[Signature]
Witness

[Signature]
Witness

SEND TAX NOTICE TO:

(Name): JER Properties, LLC
(Address): 828 Runyan Drive
Chattanooga, Tennessee 37405

PREPARED BY AND RETURN TO:
GRANT, KONVALINKA & HARRISON, P.C.
Ninth Floor, Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450

Value: \$500.00

QUITCLAIM DEED

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

KNOW ALL MEN BY THESE PRESENTS that EDWARD J. REACHARD, hereby declaring that Pauline Reachard, who held a life estate, died on or about March, 1973, ("Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), cash in hand paid, the receipt of which is hereby acknowledged, has bargained, sold and does hereby convey, remise, release and forever quitclaim unto JER PROPERTIES, LLC, a Tennessee limited liability company (Grantee"), its successors and/or assigns, his entire right, title and interest in and to a certain tract of land in Jefferson County, Alabama, described as follows:

All of the south half of the NE¼ of Section 2, Township 17 South, Range 6 West except the northerly 265.2 feet thereof, being a tract of 64 acres, more or less; ALSO: Begin at the NW corner of the NW¼ of the SE¼ of Section 2, Township 17 South, Range 6 West and run south 210 feet along the ¼-¼ line; thence turn left and run east parallel with the north line of the ¼-¼ to the west side of the public road; thence turn left and run northerly along the road to a point on the north line of the ¼-¼; thence turn left and run west along the said north line of the ¼-¼ to the point of beginning, being a tract of 2.5 acres, more or less.

THE ABOVE DESCRIPTION APPLIES WITH THE EXCEPTION OF THAT PART OF THE PROPERTY WHICH LIES WEST OF MCCARTY TOWN ROAD.

For prior title, see deed recorded in Book 3180, Page 697, in the Probate Office of Jefferson County, Alabama.

The legal description herein is the same as contained in the prior recorded deed.

Grantor and Grantee acknowledge that this Deed was prepared from information furnished by them. No title examination has been made and neither John R. Anderson nor Grant, Konvalinka & Harrison, P. C. shall have any liability for the status of title to the property or for the accuracy of such information.

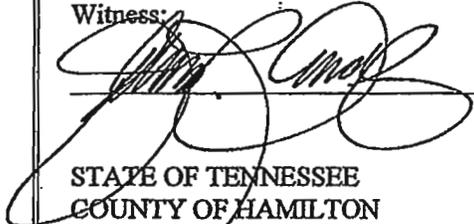
LAW OFFICES
GRANT, KONVALINKA
& HARRISON, P.C.
NINTH FLOOR
REPUBLIC CENTRE
633 CHESTNUT STREET
CHATTANOOGA, TN 37450



This instrument and the interest hereby released and quitclaimed are subject to such limitations, restrictions and encumbrances as may affect the premises.

IN WITNESS WHEREOF, Grantor has hereunto set his hand and seal, this 15th day of December, 2005.

Witness:


STATE OF TENNESSEE
COUNTY OF HAMILTON


EDWARD J. REACHARD

I, Peggy G. Winn, hereby certify that EDWARD J. REACHARD, whose name 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 the instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand this 15th day of December, 2005.

Peggy G. Winn
Notary Public

My commission expires:
2/25/06



PA\Folders I-Z\289\003\Quitclaim Deed (AL Property).doc

Applicant: CClay, Inc.
 Mine Name: Skelton Creek Operation
 Permit Number: P- 3934, Revision R-1

PART I C 1. (CONTINUED)

Legal description of property or permit map symbol: Frank McCarty (S)

Surface/Mineral/or Fee Simple (both): Surface

Legal owner(s) of record: Frank McCarty

Address: 2911 McCarty Town Road City: Quinton State: AL Zip: 35130

Holder(s) of leasehold interest: _____

Address: _____ City: _____ State: _____ Zip: _____

Purchasers under a real estate contract: _____

Address: _____ City: _____ State: _____ Zip: _____

Description of right to enter or mine:
 Describe the type of document or conveyance which grants the right of entry, disturbance or mining. Indicate from whom the right was acquired and to whom the right was granted. If the grantor of the right is not the owner(s) of property, identify all grantors and grantees of the right beginning with the owner(s) and ending with the permit applicant.

Describe Right of Entry (If deed indicate where recorded):	Granted From:	Granted To:	Date Granted:	Litigation Pending? (Yes or No) If yes, explain.
Lease	Frank McCarty	R & S Resource Recovery, Inc.	9/10/2008	No
Transfer	R & S Resource Recovery, Inc.	CClay, Inc.	8/22/2011	

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Legal description of property or permit map symbol: Alawest - AL, LLC (Fee)

Surface/Mineral/or Fee Simple (both): Fee Simple

Legal owner(s) of record: Alawest - AL, LLC

Address: P. O. Box 412 City: Northport State: AL Zip: 35476

Holder(s) of leasehold interest: _____

Address: _____ City: _____ State: _____ Zip: _____

Purchasers under a real estate contract: _____

Address: _____ City: _____ State: _____ Zip: _____

Description of right to enter or mine:
 Describe the type of document or conveyance which grants the right of entry, disturbance or mining. Indicate from whom the right was acquired and to whom the right was granted. If the grantor of the right is not the owner(s) of property, identify all grantors and grantees of the right beginning with the owner(s) and ending with the permit applicant.

Describe Right of Entry (If deed indicate where recorded):	Granted From:	Granted To:	Date Granted:	Litigation Pending? (Yes or No) If yes, explain.
Lease	Alawest - AL, LLC	R & S Resource Recovery, Inc.	12/22/2008	No
Transfer	R & S Resource Recovery, Inc.	CClay, Inc.	8/22/2011	

Applicant: CCLay, Inc.
 Mine Name: Skelton Creek Operation
 Permit Number: P- 3934, Revision R-1

PART I C 1. (CONTINUED)

Legal description of property or permit map symbol: Drummond Coal Co. (M)

Surface/Mineral/or Fee Simple (both): Mineral

Legal owner(s) of record: Drummond Coal Co.

Address: P.O. Box 1549 City: Jasper State: AL Zip: 35501

Holder(s) of leasehold interest: _____

Address: _____ City: _____ State: _____ Zip: _____

Purchasers under a real estate contract: _____

Address: _____ City: _____ State: _____ Zip: _____

Description of right to enter or mine:

Describe the type of document or conveyance which grants the right of entry, disturbance or mining. Indicate from whom the right was acquired and to whom the right was granted. If the grantor of the right is not the owner(s) of property, identify all grantors and grantees of the right beginning with the owner(s) and ending with the permit applicant.

Describe Right of Entry (If deed indicate where recorded):	Granted From:	Granted To:	Date Granted:	Litigation Pending? (Yes or No) If yes, explain.
N/A	Drummond Coal Co.	R & S Resource Recovery, Inc.		No

=====

Legal description of property or permit map symbol: _____

Surface/Mineral/or Fee Simple (both): _____

Legal owner(s) of record: _____

Address: _____ City: _____ State: _____ Zip: _____

Holder(s) of leasehold interest: _____

Address: _____ City: _____ State: _____ Zip: _____

Purchasers under a real estate contract: _____

Address: _____ City: _____ State: _____ Zip: _____

Description of right to enter or mine:

Describe the type of document or conveyance which grants the right of entry, disturbance or mining. Indicate from whom the right was acquired and to whom the right was granted. If the grantor of the right is not the owner(s) of property, identify all grantors and grantees of the right beginning with the owner(s) and ending with the permit applicant.

Describe Right of Entry (If deed indicate where recorded):	Granted From:	Granted To:	Date Granted:	Litigation Pending? (Yes or No) If yes, explain.

Applicant: CCLay, Inc.
Mine Name: Skelton Creek Operation
Permit Number: P- 3934, Revision R-1

PART I C. (CONTINUED)

2. OWNERSHIP OF SURFACE AND MINERAL LANDS CONTIGUOUS TO THE AREA TO BE MINED
INSTRUCTIONS:

Provide the information below for the owners of record of all surface and mineral properties contiguous to any part of the proposed permit area.

USE ADDITIONAL SHEETS AS NECESSARY IN THE FORMAT BELOW

=====

PAGE 1 of 1

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Name: JER Properties, LLC
Address: 828 Runyan Drive
City: Chattanooga State: TN Zip: 37405-1204
Interest owned (Surface, Coal or Fee Simple): Surface
Type of Interest(Owner, Lease , or Other): Owner

Name: Frank McCarty
Address: 2911 McCarty Town Road
City: Quinton State: TN Zip: 35130
Interest owned (Surface, Coal or Fee Simple): Surface
Type of Interest(Owner, Lease , or Other): Owner

Name: Alawest - AL, LLC
Address: P. O. Box 412
City: Northport State: AL Zip: 35476
Interest owned (Surface, Coal or Fee Simple): Fee Simple
Type of Interest(Owner, Lease , or Other): Owner

Name: Drummond Coal Co.
Address: P.O. Box 1549
City: Jasper State: AL Zip: 35502
Interest owned (Surface, Coal or Fee Simple) Mineral
Type of Interest(Owner, Lease , or Other): Owner

Applicant: <u>CClay, Inc.</u> Mine Name: <u>Skelton Creek Operation</u> Permit Number: P- <u>3934, Revision R-1</u>

PART I D. PERMIT AREA INFORMATION

1. Give the requested term of this permit: 5 years.
2. Give the legal description of the land upon which the applicant proposes to conduct surface coal mining operations. List each quarter-quarter section, section, township, range, and county. NE 1/4 of NE 1/4, SE 1/4 of NE 1/4, SW 1/4 of NE 1/4 and NW 1/4 of NE 1/4 of Section 2, SW 1/4 of SW 1/4 and NW 1/4 of SW 1/4 of Section 36 all within Township 17 South, Range 6 West, Jefferson County, Alabama.
3. Give the acreage of the permit, each increment and the type of bonding.

- a. Total revision acreage: 12 acres
- b. Give the acreage and type of bond for each mining increment:

<u>Increment</u>	<u>Acres</u>	<u>Type Bond Proposed</u>
1.	<u>25</u>	<u>Certificate of Deposit</u>
2.	<u>2</u>	<u>Certificate of Deposit</u>
3.	<u>3</u>	<u>Certificate of Deposit</u>
4.	<u>6</u>	<u>Certificate of Deposit</u>
5.	<u>7</u>	<u>Certificate of Deposit</u>
6.	<u>5</u>	<u>Certificate of Deposit</u>

- c. Identify the increment(s) on which mining will initially begin upon issuance of this permit: Increment 1.

4. Has any acreage in the proposed permit area been previously disturbed by mining?

(XXX)YES ()NO

If yes, supply the following for any and all previously disturbed areas:

- a. Show the boundaries of the previously disturbed area(s) on the permit map and identify with an appropriate symbol. See permit map.
- b. List, for each area, the permit number under which it was disturbed and the number of acres. Indicate the status of each permit as Unreleased, Grading released, or 100% released.(If no permit, indicate as such.)

<u>Permit Number:</u>	<u>Acreage:</u>	<u>Status:</u>
<u>P-3601</u>	<u>20.0</u>	<u>Forfeited</u>

- c. For each area which has not been reclaimed or received a 100% release, indicate whether you intend to assume responsibility for reclamation of the area under this permit and its performance bond(s). R & S Resource Recovery, Inc. intends to accept the reclamation responsibility for the areas within the permit which they redisturb.

5. Is disturbance to be conducted within 300 feet, measured horizontally from an occupied dwelling? ()YES (XX)NO.

If YES, attach a signed waiver from the owner of the dwelling indicating the minimum distance disturbance will be allowed by the owner.

Applicant: <u>CClay, Inc.</u> Mine Name: <u>Skelton Creek Operation</u> Permit Number: P- <u>3934, Revision R-1</u>

PART I D. (CONTINUED)

6. Is disturbance proposed within 100 feet of a public road right-of-way or will a public road be closed or relocated? () YES (XX) NO.
 If YES, enclose a copy of the approval granted by the government entity which has jurisdiction over the road. The approval must state the minimum distance disturbance will be allowed to the road or road right-of-way.

7. List all other licenses and permits required to conduct mining operations including, but not limited to, MSHA I.D. and NPDES. Give the identification or permit number, the name and address of the issuing authority, and the status or date of approval or issuance of each:

Permit	ID or Permit Number	Issuing Authority	Address	Status or of issuance
<u>MSHA ID</u>	<u>01-03432</u>	<u>MSHA</u>	<u>*</u>	<u>Issued 11-8-2010</u>
<u>NPDES</u>	<u>AL0077194</u>	<u>ADEM</u>	<u>**</u>	<u>Issued 4-20-2011</u>

* 228 West Valley Avenue, Birmingham, AL 35209
 ** 1400 Coliseum Blvd., Montgomery, AL 36110-2059

8. Is the property in the permit covered by zoning or other land use restrictions?
 (XXX)YES ()NO.
 If yes, indicate the jurisdictional authority and zoning or landuse area. If more than one zoning classification exists for the permit area, identify the boundaries of each the permit map.

Jurisdictional Authority	Zoning Classification	Allows mining? Yes or No
<u>Jefferson County</u>	<u>I-3-S</u>	<u>Yes</u>

9. Describe access to the proposed mine from a known point on the nearest public highway:
From the intersection of Alabama Highway 269 and Jefferson County Road 61 at the Walker-Jefferson County Line, travel southeast on State Highway 269 for approximately 1.3 miles to the intersection of State Highway 269 and County Road 81 (also called Alliance Road). Turn right onto County Road 81 and travel southwest approximately 300 ft. to the intersection of County Road 81 and McCarty Town Road. Turn left onto McCarty Town Road and travel south approximately 1.2 miles to haul road on left.

10. Did the applicant receive assistance from the Small Operator Assistance Program in preparing this application?
 () YES (XXX) NO
 If YES, list SOAP I.D. Number: _____

11. Submit a certificate of proof of Liability Insurance with this application. See AMC Master File

PART I E. PUBLIC NOTICE AND AVAILABILITY FOR INSPECTION

12. Give the name of the approved public office in which a copy of this application will be filed for public inspection following notification of completeness: ASMC website http://surface-mining.alabama.gov

13. Enclose a copy of the notice of filing of this application which will appear in a newspaper of general circulation in the vicinity of the mine and identify the name of the newspaper: The Birmingham News
See Attachment I.E.13

Applicant: <u>CClay, Inc.</u>
Mine Name: <u>Skelton Creek Operation</u>
Permit Number: P- <u>3934, Revision R-1</u>

Attachment for I.E.13.

PUBLIC NOTICE OF PERMIT APPLICATION

In accordance with the provisions of Act No. 81-435 of the State of Alabama and the regulations promulgated under this act, CClay, Inc., P.O. Box 314, Dora, Alabama 35062, hereby gives notice that it has filed an application with the Alabama Surface Mining Commission to revise permit P-3934-01-16-S for its Skelton Creek Operation located within the NW/NW and SW/NW of Section 1 and NE/NE, SE/NE, SW/NE and NW/NE of Section 2, SW/SW and NW/SW of Section 36 all within Township 17 South, Range 6 West, Jefferson County, Alabama as shown on the Gilmore, Alabama United States Geological Survey quadrangle map in Jefferson County.

The nature of revision is as follows: 1)Add 11.0 acres to create Increment No. 5 for coal fines area, Basin 006P, and Primary Roads 4P and 5P. 2)Update the General Plan and Hydrologic Monitoring Plan for the addition of Basin 006P. 3)Update the Operations Plan. 4)Submit detailed design plans for Basin 006P. 5)Submit detailed design plans for Primary Roads 4P and 5P.

A copy of the permit revision application is available for public inspection at the Alabama Surface Mining Commission website <http://surface-mining.alabama.gov/PermitApplications.html> Written comments, objections, or requests for informal conferences should be submitted to the Alabama Surface Mining Commission, P.O. Box 2390, Jasper, Alabama 35502-2390, within 30 days from the last publication of this notice.

AFFIDAVIT OF PUBLICATION
THE BIRMINGHAM NEWS COMPANY
PUBLISHERS OF
THE BIRMINGHAM NEWS

PASTE CLIPPING HERE

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Bham News; March 23, 26, April 2, 9, 2012

On this 9th day of April

A.D. Two Thousand, and Twelve, Vickie Webb declares that she is an Accounting Clerk of "The Birmingham News" published in the City of Birmingham, in the County of Jefferson, in the State of Alabama, and that the advertisement, a true copy of which is herewith attached, appeared in "The Birmingham News" on the following dates:

April 9, 2012
April 2, 2012
March 26, 2012
March 23, 2012
Vickie Webb
Signed- Vickie Webb

State of Alabama
County of Jefferson

On 4-9-, 2012, Vickie Webb

personally appeared before me, who is personally known to me to be the signer of the above document, and she acknowledged that she signed it.

Nancy S. Bridgman
Nancy S Bridgman, Notary Public

NANCY S BRIDGMAN
NOTARY PUBLIC
STATE OF ALABAMA
MY COMMISSION EXPIRES DEC. 22, 2014