

## RIGHT OF ENTRY NO. 6166

This RIGHT OF ENTRY PERMIT (the "**Permit**") is made and entered into this 2<sup>nd</sup> day of February, 20 16, by and between the STATE OF UTAH, ACTING BY AND THROUGH THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, 675 East 500 South, Suite 500, Salt Lake City, Utah, 84102 ("**SITLA**") and MCW Oil Sands Recovery LLC, 18653 Ventura Blvd., Suite 158, Tarzana, California, 91356 ("**Permittee**"). SITLA and Permittee are sometimes collectively referred to as the "Parties".

### RECITALS

A. SITLA owns certain state trust lands located in Uintah County, Utah, more specifically described in **Exhibit A** and depicted on **Exhibit B**, attached hereto and incorporated herein by reference, upon which Permittee is the operator of an oil sands processing facility.

B. On December 21, 2015, SITLA and Permittee entered into a settlement agreement (the "**Settlement Agreement**"), attached hereto as **Exhibit C** and incorporated herein by reference, regarding the unauthorized construction and operation of the oil sands processing facility.

C. Pursuant to the terms of the Settlement Agreement, SITLA has agreed to issue this Permit in order to authorize Permittee to occupy the lands described in **Exhibit A** and depicted on **Exhibit B** for the purpose of operating and maintaining the oils sands processing facility.

### AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and of other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, SITLA and Permittee agree as follows:

1. Permit. In consideration of the covenants of Permittee contained in this Permit, SITLA authorizes Permittee to occupy the parcel of land situated in Uintah County, State of Utah, which is described in **Exhibit A** and depicted on **Exhibit B** (the "**Permitted Property**"), in "AS-IS" condition, subject to (a) current taxes and assessments, reservations in patents and all rights-of-way, easements, covenants, conditions, restrictions, obligations, liens, encumbrances, and liabilities of record as of the date hereof; (b) all matters which an accurate survey or physical

inspection of the Permitted Property would disclose; and (c) all applicable zoning and building requirements and other governmental laws, rules, and regulations now or hereafter in effect, including without limitation all rules and regulations enacted by SITLA with respect to the use and management of state trust lands.

2. Permitted Uses. Permittee may use the Permitted Property for all purposes reasonably necessary and useful to construct, operate, and maintain an oil sands processing facility (the "**Facility**"). Permittee agrees not to conduct, or permit to be conducted, any industrial or commercial activities not related to the construction, operation, or maintenance of the Facility, or any public or private nuisance, on or from the Permitted Property. Permittee agrees not to permit or commit and waste of the Permitted Property.

3. Reservations. Subject to the rights and privileges granted to Permittee under this Permit, SITLA hereby excepts and reserves from the operation of the Permit the following rights and privileges:

(a) Rights-of-Way and Easements. SITLA reserves the right, following consultation with Permittee, to establish rights-of-way and easements upon, through or over the Permitted Property for roads, pipelines, electric transmission lines, transportation and utility corridors, mineral access, and any other purpose deemed reasonably necessary by SITLA, if, SITLA determines in good faith that such grants will not unreasonably interfere with Permittee's operations under this Permit.

(b) Minerals. Lessor reserves all oil, natural gas, coal, geothermal resources, metalliferous minerals, sand, gravel, and other common varieties, and any other minerals, and the right to lease the same to third parties, as well as the right utilize the surface estate of the Permitted Property for exploration, development and extraction of the same under terms and conditions that SITLA determines in good faith will not unreasonably interfere with Permittee's operations under this Permit.

(c) Use and Disposal of Surface. Subject to the rights granted to the Permittee pursuant to this Permit, SITLA reserves the right, following consultation with the Permittee, to use, lease, sell, or otherwise dispose of the surface estate or any part thereof if SITLA determines in good faith such use or disposal will not unreasonably interfere with Permittee's operations under this Permit.

(d) Other Rights and Privileges. SITLA reserves all other rights and privileges of any kind or nature, except as herein granted, provided that any actions under such reservation will not, in SITLA's good faith determination, unreasonably interfere with Permittee's operations under this Permit.

4. Permittee's Inspection of the Premises. Permittee has inspected and investigated the Permitted Property to Permittee's complete satisfaction, observed its physical characteristics and existing conditions, the operations thereon, and Permittee hereby waives any and all objections to, complaints about, or claims regarding (including, but not limited to, federal, state or common law based actions and any private right of action under state and federal law, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, and any state or local equivalent, to which the Permitted Property is or may be subject) the Permitted Property and its physical characteristics and existing conditions, including, without limitation, subsurface soil and water conditions and solid and hazardous waste and hazardous substances on or under the Premises. Subject to and excepting out other permitted uses and the rights reserved by Lessor and/or granted to other third parties pursuant to **Section 3**, Permittee further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Permitted Property and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of hazardous substances or other contaminants, may not have been revealed by its investigation. Subject to and excepting out the rights reserved by SITLA and/or granted to third parties pursuant to **Section 3**, SITLA is hereby released from all responsibility and liability regarding the operation, condition (including the presence in the soil, air, structures, and surface and subsurface waters, of materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Permitted Property under current or future federal, state and local laws and regulations), valuation or utility of the Permitted Property, or its suitability for any purpose whatsoever. Permittee expressly acknowledges that Permittee has not relied on any warranties, promises, understandings or representatives, express or implied oral or written, of SITLA or of any agent of SITLA, relating to the Permitted Property, except as specifically set forth in this Permit.

5. Covenant of Quiet Enjoyment. SITLA covenants that so long as Permittee shall perform the obligations of Permittee contained in this Permit and the Settlement Agreement and shall not be in default in the performance of any such obligations, SITLA shall take no action or fail to take any action that would deny Permittee the right to freely, peaceably, and quietly have, hold and enjoy full use and enjoyment of the Permitted Property for purposes for which the Permit is granted.

6. Access to Permitted Property. SITLA and its agents, at all reasonable times and upon reasonable notice to Permittee, shall have free and full access to the Permitted Property for the purpose of examining or inspecting the condition thereof, for the purpose of determining if Permittee is performing the covenants and agreements of this Permit, provided the exercise of such rights does not materially interfere with Permittee's use and enjoyment of the Permitted Property.

7. Term of Permit. The term of this Permit shall be for a period of six (6) months, commencing January 1, 2016, and continuing to June 30, 2016, subject to the terms and conditions set forth in this Permit which may permit or provide for earlier termination of the Permit.

8. Rent. In consideration of the grant of this Permit, SITLA acknowledges receipt of a \$6,250.00 rental assessment, plus a \$50.00 application fee, totaling \$6,300.00.

9. Construction. All improvements on the Permitted Property shall be constructed at the sole cost and expense of Permittee, in a good workmanlike manner, and in accordance with the requirement of any and all laws, ordinances, and regulations applicable thereto, including zoning and building code requirements of any municipal or other governmental agency having jurisdiction over the Permitted Property at the time said improvements are constructed. From time to time, as SITLA may reasonably request, Permittee shall provide SITLA with an as-built drawing showing the location of all physical improvements constructed on the Permitted Property. The as-built survey shall be prepared by a licensed surveyor or engineer.

(a) Additional Stipulations. Notwithstanding the foregoing, Permittee shall adhere to the following stipulations regarding the construction, operation, and maintenance of the Facility:

(i) All tanks located on the Permitted Property shall be located within lined, metal containment berms. The containment berms shall be constructed in a manner sufficient to contain the quantity of the largest tank within the containment area.

(ii) All points of liquid transfer on the Permitted Property shall be located on an impermeable surface to catch any leaks, drips or spills.

(iii) The Facility location shall be constructed with secondary containment to capture the largest potential release in the event of a catastrophic failure.

10. Development at Permittee's Expense. Permittee shall bear all expenses in connection with the development, improvement, construction, alteration, and repair of the Permitted Property as provided for in the Permit and all improvements constructed by Permittee thereon and shall indemnify, defend and hold SITLA and the Permitted Property harmless from any and all claims arising therefrom.



11. Mechanic's Liens.

(a) Permittee is not SITLA's Agent. The Parties agree, and notice is hereby given, that Permittee is not the agent of SITLA for the construction, alteration or repair of any improvements, the same being done at the sole direction and expense of Permittee. All contractors, materialmen, mechanics, and laborers are hereby charged with notice that they must look only to Permittee for the payment of any charge for work done or material furnished on the Permitted Property. Permittee shall have no right, authority or power to bind SITLA or any interest of SITLA's for the payment of any claim for labor or material, or for any charge or expense incurred by Permittee as to improvements, alterations or repairs on or to the Permitted Property, and Permittee shall post notices on the Permitted Property during all construction work of any nature whatsoever that SITLA is not responsible for any material and labor used on the Permitted Property.

(b) Covenant Against Mechanic's Liens. Permittee shall not suffer or permit to be enforced against the Permitted Property, or any part thereof, and shall indemnify and hold SITLA and the Permitted Property harmless for, from, and against (i) any mechanic's, materialmen's, contractor's or subcontractor's liens arising from, and (ii) any claim for damage growing out of the work of, any construction, repair, restoration, replacement, or improvement done by or on behalf of Permittee. Permittee shall pay or cause to be paid all of such liens, claims, or demands before any action is brought to enforce the same against the Permitted Property. If Permittee shall in good faith contest the validity of any such lien, claim, or demand, then Permittee shall, at its expense, defend itself and SITLA against the same and shall pay and satisfy any adverse judgment that may be rendered thereon prior to execution thereof and in the event of any such contest Permittee shall at the request of SITLA provide such security and take such steps as may be required by law to release the Permitted Property from the effect of such lien.

12. Observance of Governmental Regulations. In Permittee's use and occupancy of the Permitted Property and the performance by Permittee of its rights and obligations under this Permit, Permittee shall fully comply with all laws, orders, rules, regulations, directives, ordinances and requirements of all governmental authorities having jurisdiction over the Permitted Property, or any part thereof, and Permittee shall pay all costs, expenses, liabilities, losses, fines, penalties, claims and demands including, without limitation, attorney's fees, that may in any way arise out of or be imposed because of the failure of Permittee to comply with such laws, orders, rules, regulations, directives, ordinances and requirements.

13. Right of Contest. Permittee shall have the right to contest the validity of any laws, orders, rules, regulations, directives, ordinances and requirements in the manner and under the conditions provided in this Permit with respect to contesting the validity of taxes, assessments or other liens. During such contest, Permittee may refrain from complying therewith, provided that, (a) SITLA is not subjected to criminal prosecution as a result thereof,

(b) SITLA's title to the Permitted Property is not subject to lien or forfeiture as a result thereof, and (c) neither the Permitted Property nor any rights or interest of SITLA are otherwise prejudiced or jeopardized thereby.

14. Hazardous Materials.

(a) Restrictions on Hazardous Substances; Remedial Work. Permittee shall not cause or permit any Hazardous Substance (as hereinafter defined) to be brought, kept or used in or about the Permitted Property by Permittee, its officers, directors, owners, agents, sublessees, assignees, contractors, subcontractors, invitees, or concessionaires except in commercial quantities not in violation of Applicable Environmental Law (as hereinafter defined) and similar to those quantities usually kept on similar premises by others in the same business or profession, except that SITLA authorizes and approves Permittee's use, storage and disposal of Produced Water on the Permitted Property. Permittee, its officers, directors, owners, agents, employees, sublessees, assignees, contractors, subcontractors, invitees, or concessionaires shall store, use and dispose of such materials in compliance with all applicable federal, state and local laws, including, without limitation, Applicable Environmental Law. If the presence of any Hazardous Substance on, in or under the Permitted Property caused or permitted by Permittee, its officers, directors, owners, agents, employees, sublessees, assignees, contractors, subcontractors, invitees, or concessionaires results in any contamination of the Permitted Property, Permittee shall promptly take all actions, at its sole expense, as are necessary to return the affected area to the condition existing prior to the introduction of any such Hazardous Substance, including, without limitation, any investigation or monitoring of site conditions or any clean up, remediation, response, removal, encapsulation, containment or restoration work required because of the presence of any such Hazardous Substance on, in or under the Permitted Property or any release or suspected release or threat of release of any such Hazardous Substance in the air, soil, surface water or ground water (collectively, the "**Remedial Work**"). Permittee shall obtain all necessary licenses, manifests, permits and approvals to perform the Remedial Work. Permittee shall promptly perform all Remedial Work and the disposal of all waste generated by the Remedial Work in accordance with all Applicable Environmental Law.

(b) Compliance with Applicable Environmental Law. Without limiting the generality of the foregoing or any other provision of this Permit, Permittee shall be solely and completely responsible for insuring that the Permitted Property and all activities thereon (including activities of Permittee, its officers, directors, owners, employees, agents, contractors, subcontractors, sublessees, assignees, licensees, and concessionaires) comply fully with Applicable Environmental Law and for responding to, defending against and/or complying with administrative order, request or demand relating to potential or actual contamination on the Permitted Property, or third party claims (including the claims of current or future sublessees in the Permitted Property, or other lessees or sublessees in units or parcels adjoining or near the Permitted Property) for Remedial Work or for the costs of any such Remedial Work or for the costs of any such Remedial Work which the third-party claimant has undertaken, whether such order,

request, demand or claim names SITLA, Permittee or both, or refers to the Permitted Property in any way, except where the contamination or other violation of Applicable Environmental Law occurred prior to the date of execution of the Permit or was caused solely by SITLA or any prior owner or lessee (other than sublessees of Permittee) of the Permitted Property. Permittee's responsibility includes but is not limited to promptly responding to such orders, requests, demands and claims on behalf of SITLA and defending against any assertion of SITLA's financial responsibility or individual duty to perform thereunder.

(c) Definitions. As used herein, the term "**Hazardous Substance**" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State in which the Permitted Property is located, or the United States Government, including, without limitation, (i) any substance, chemical or waste that is or shall be listed or defined as hazardous, toxic or dangerous under Applicable Environmental Law, (ii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state or local governmental authority pursuant to any environmental, health and safety or similar law, code, ordinance, rule, regulation, order or decree and which may or could pose a hazard to the health and safety of occupants or users of the Permitted Property or any part thereof, any adjoining property or cause damage to the environment, (iii) PCB's, (iv) leaded paint, and (v) asbestos. As used in this Lease, the term "**Applicable Environmental Law**" shall include the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*, and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j-26, as such Acts have been or are hereafter amended from time to time; any so called Superfund or Superlien law; and any other federal, state and local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material as now or any time hereafter in effect.

(d) Environmental Indemnity. Permittee shall indemnify, save harmless and defend each of the SITLA Indemnitees (as defined in **Section 19(a)**) for, from and against any and all Claims incurred by, sought from or asserted directly or indirectly against any SITLA Indemnitee during or after the term of this Permit as a result of the presence of any Hazardous Substance on, in or under the Permitted Property or any release of any Hazardous Substance into the air, soil, surface water or ground water, which Hazardous Substance was brought, kept or used in or about the Permitted Property by Permittee, its officers, directors, owners, employees, agents, contractors or subcontractors, or as a result of a breach by Permittee of its obligations under this **Section 14**. Permittee shall assume, pursuant to the foregoing indemnity, any liabilities or responsibilities which are assessed against any SITLA Indemnitee in any action described under this **Section 14**. Permittee shall promptly provide to SITLA copies of all

communications, filings or other writings, photographs or materials given to or received from any Person or Governmental Authority in connection with any cleanup or Remedial Work conducted by Permittee, and shall notify SITLA of, and permit SITLA's representative to attend any meetings or oral communications relating thereto.

15. Endangered Species; Migratory Birds. In its use of the Permitted Property, Permittee shall take all actions reasonably necessary for the protection of endangered, threatened and sensitive species, as the same may be defined by federal or state law; migratory birds as defined by the Migratory Bird Treaty Act, 16 U.S.C. § 703 et seq; and eagles as defined in the Bald and Golden Eagle Protection Act, 16 U.S.C. § 668a et seq.

16. Antiquities. All articles of antiquity, cultural resources, paleontological resources, and treasure-trove in or upon the Permitted Property are and shall remain the property of SITLA. Prior to further surface disturbance of the Permitted Property, Permittee shall obtain cultural resources clearances from SITLA and the State Historic Preservation Officer in accordance with Utah Administrative Code R850-60 and applicable state historic preservation law. All costs associated with archaeological and paleontological investigations on the Permitted Property will be borne by Permittee. In the event that Permittee discovers ancient human remains or a "site" or "specimen," as defined in Section 9-8-302 or 79-3-5 Utah Code Annotated (1953), as amended, on the Permitted Property, Permittee shall cease all construction until such time as such items have been treated in accordance with state law.

17. Wildfire. Permittee shall at all times take reasonable precautions to prevent wildfires from starting or spreading on the Permitted Property, and shall comply with all applicable laws, regulations and directives of any governmental agency having jurisdiction with respect to fire prevention and control. In the event that Permittee or its employees, contractors or licensees cause a wildfire that originates from the Permittee's activities on the Permitted Property that necessitates suppression action, Permittee agrees to reimburse the State of Utah and local fire authorities for the costs of any necessary fire suppression activities incurred as a result of the wildfire.

18. Fill Materials and Waste. Permittee shall not allow any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological or other wastes, hydrocarbons, any other pollutants, or other matter within or upon the Permitted Property, except as specifically authorized by this Permit. If the Permittee fails to remove all non-approved fill material, wastes or materials described above from the Permitted Property, SITLA may at its option remove such materials and charge the Permittee for the cost of removal and disposal.

19. Indemnification of State.

(a) General Indemnity. Permittee shall indemnify, save harmless and defend SITLA, its officers, directors, trustees, employees, agents, successors, and assigns (collectively the "SITLA Indemnitees") for, from and against any and all claims (including, without limitation, third party claims for death or personal injury, environmental contamination, natural resources damages, or real or personal property

damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, and sums paid in settlement of claims, attorney's fees, consultant fees, expert fees, and any fees and expenses incurred in enforcing this indemnity incurred by, sought from or asserted directly or indirectly against any of the SITLA Indemnitees during or after the term of this Permit arising out of or in any way related to the use of the Permitted Property under this Permit by Permittee, its employees, contractors, licensees, successors and assigns. Permittee shall assume, pursuant to the foregoing indemnity, any liabilities or responsibilities which are assessed against any SITLA Indemnitee in any action described under this **Section 19(a)**. Permittee shall promptly provide to SITLA copies of all communications, filings or materials given to or received from any person, entity or agency in connection with any such claim, and shall notify SITLA of, and permit SITLA's representative to attend any meetings or oral communications relating thereto.

(b) Breach of Permit. Permittee shall indemnify, save harmless and defend the SITLA Indemnitees for, from and against any and all claims (including, without limitation, third party claims for death or personal injury, environmental contamination, natural resources damages, or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, and sums paid in settlement of claims, attorney's fees, consultant fees, expert fees, and any fees and expenses incurred in enforcing this indemnity incurred by, sought from or asserted directly or indirectly against any of the SITLA Indemnitees during or after the term of this Permit arising out of or in any way related to any failure of Permittee to comply with any of Permittee's obligations under this Permit.

(c) Survival. The obligations of Permittee and the foregoing indemnities by Permittee set forth in **Section 14(d)** and this **Section 19** shall survive the termination or expiration of the Permit.

(d) Provisions Relating to All Indemnities. Each provision of this Permit imposing an indemnification obligation on Permittee is in addition to all other indemnification provisions and shall not be construed in a manner that modifies or limits any other indemnification provision in this Permit. All indemnification provisions in this Permit shall survive the expiration or earlier termination of this Permit as to Claims arising or accruing prior to the expiration or earlier termination of this Permit. The indemnification provided by Permittee in this **Section 19** and elsewhere in this Permit shall not be construed or interpreted as in any way restricting, limiting or modifying Permittee's insurance or other obligations under this Permit, and such indemnification provisions are independent of Permittee's insurance and other obligations. Permittee's compliance with the insurance requirements and other obligations under this Permit does not in any way restrict, limit or modify Permittee's indemnification obligations under this Permit.



20. Liability Insurance. Permittee, at the sole cost and expense of Permittee, shall at all times during the term of this Permit, maintain in force a liability insurance policy or policies covering liability resulting from property damage, personal injury, or death occurring in or about the Permitted Property, with limits for each occurrence of not less than \$1,000,000, and general aggregate limits of not less than \$2,000,000. SITLA shall be named as an additional insured on such policy(ies), but only to the extent of the liabilities assumed by Permittee herein. The original of such policy(ies) shall remain in the possession of Permittee; provided, however, that Permittee shall provide SITLA, without necessity of written demand, a duplicate policy or policies of such insurance.

21. Other Insurance. Permittee shall, at all times during the term of this Permit, and at the sole cost and expense of Permittee, maintain and keep in force:

(a) Workmen's Compensation Insurance. All workmen's compensation insurance on its employees, if any, required under the applicable workmen's compensation laws of the State of Utah;

(b) Other Coverages. Such other and additional insurance policies as is required from time to time by applicable law. SITLA shall be named an additional insured on all such policies, but only to the extent of the liabilities assumed by Permittee herein, if applicable.

22. Policy Requirements. All insurance policies required or otherwise provided and maintained under this Permit shall contain provisions to the effect that the insurance shall not be canceled or modified without thirty (30) day's prior written notice to SITLA. All such policies shall be issued by a company or companies rates "A" or better by the then most current edition of Best's Insurance Guide (or if such guide is no longer published, then having a comparable rating as specified by SITLA from time to time), responsible and authorized to do business in the state in which the Permitted Property is located, as Permittee shall determine, and shall be approved by SITLA.

23. Mutual Release of Subrogation Rights. Without in any way limiting the applicability of **Section 19**, Permittee and SITLA each hereby release and relieve the other and the officers, directors, owners, shareholders, employees, agents and representatives of the other, and waive their entire right of recovery against the other and the officers, directors, owners, shareholders, employees, agents and representatives of the other, for loss or damage arising out of or incident to the perils insured against under this Permit, which perils occur in, on or about the Permitted Property, whether due to the negligence of SITLA or Permittee or their agents, employees, contractors, concessionaires and/or invitees, but only to the extent of insurance proceeds actually paid. Permittee shall, upon obtaining the policies of insurance required hereunder, give notice to and obtain waiver of subrogation agreements or endorsements from the insurance carrier or carriers concerning the foregoing mutual waiver of subrogation contained in this Permit.



24. Assignment.

(a) Prohibition Against Assignment. Permittee shall not have the right to assign all or part of this Permit without SITLA's prior written consent, which consent may be withheld in SITLA's sole discretion. Any attempted assignment without SITLA's consent shall be null and void, shall constitute an immediate default under this Permit, and shall, at SITLA's election, result in the immediate termination of this Permit. In determining whether to grant approval for an assignment, SITLA shall be entitled to consider, among other items, the proposed assignee's financial condition, managerial capability, business reputation, nature of the proposed assignee's business, the current fair market rental value of the Permitted Property, and such other factors as may reasonably bear upon the suitability of the proposed assignee as a permittee of the Permitted Property. Permittee shall pay any applicable administrative fees required by SITLA in connection with SITLA's review of the proposed assignment.

(b) No Waiver of Future Right to Approve. Consent of SITLA to an assignment or transfer shall not constitute a waiver of SITLA's right to approve subsequent assignments or transfers. The acceptance by SITLA of any payment or performance following an assignment or transfer shall not constitute consent to any assignment or transfer, and SITLA's consent shall be evidenced only in writing.

(c) Continuation of Permit. An assignment does not constitute a new permit but is a continuation of an existing Permit. Assignment of this Permit shall not release Permittee from any indemnity obligations described herein as they relate to Permittee's use of the Permitted Property.

25. Subleases. Permittee shall not sublease all or any part of this Permit without SITLA's prior written consent, which consent may be withheld in SITLA's sole discretion, and any attempted sublease without such consent shall be null and void, and shall constitute a default under this Permit.

26. Water Rights in Name of SITLA. Any new appropriation of water rights for use in association with this Permit or operations upon the Permitted Property shall be made in the name of SITLA and shall be considered an appurtenance to the Permitted Property. Permittee shall have the right to use such water right at no cost during the term of this Permit. Upon termination of the Permit, Permittee shall make all necessary filings to confirm SITLA's ownership of such rights.

27. Waste Certification. The Permittee shall provide upon any transfer of operation, assignment of rights, permanent cessation of operations, or Permit termination, certification to the SITLA that, based upon a complete search of all the operator's records for the Permit, and

upon its knowledge of past operations, there have been no reportable quantities of hazardous substances as defined in 40 Code of Federal Regulations §302.4, or used oil as defined in Utah Administrative Code R315-15, discharged (as defined at 33 U.S.C. §1321(a)(2)), deposited or released within the Permitted Property, either on the surface or underground, and that all remedial actions necessary have been taken to protect human health and the environment with respect to such substances. Permittee shall additionally provide to SITLA a complete list of all hazardous substances, hazardous materials, and their respective Chemical Abstracts Service Registry Numbers, used or stored on, or delivered to, the Permitted Property. Such disclosure will be in addition to any other disclosure required by law or agreement.

28. Bonding.

(a) Permit Bond. Permittee shall execute and file with SITLA a good and sufficient bond or other financial guarantee to SITLA in order to guarantee Permittee's performance of all covenants and obligations under this Permit, including reclamation pursuant to **Section 37**. The initial bond amount shall be Two Hundred Thousand (\$200,000.00) (the "**Initial Bond**") and shall be filed with SITLA on or before January 29, 2016. The bond shall remain in full force and effect until liability thereunder is released by SITLA. Upon notice to Permittee, SITLA may, in its reasonable discretion, determine that any bond on file is insufficient to protect SITLA's interests. In such an event SITLA shall enter written findings as to the basis for calculation of the perceived insufficiency and enter an order establishing the amount of additional bonding required. Permittee shall file any required additional bond with SITLA within thirty (30) days after demand by SITLA. SITLA may increase or decrease the amount of any additional bond from time to time in accordance with the same procedure.

(b) Failure to Comply With Bonding Obligations. Failure to file the Initial Bond or any additional bond as required pursuant to **Section 28(a)** shall constitute an immediate default under this Permit, and shall, at SITLA's election, result in the immediate termination of this Permit.

29. Survey Monuments. Permittee shall take reasonably precautions to protect, in place, all public land survey monuments and private property corners.

30. Fencing. Permittee may fence any portion of the Permitted Property at its own expense. In the event Permittee erects any fencing, Permittee agrees to provide gated access at reasonable locations to SITLA and to any lessees or permittees granted rights or access to or across the Permitted Property, or any part thereof, by SITLA pursuant to **Section 3**. SITLA shall take appropriate steps, including fencing, to secure such ponds, structures and facilities from unauthorized access and prevent loss of wildlife.

31. Prior Improvements. If existing fences, range improvement projects, or other prior improvements currently exist on the Permitted Property by authority of SITLA, Permittee shall allow the owner of such improvements to remove them within ninety (90) days of notice from the Permittee, with a copy of such notice to SITLA.

32. Events of Default. Any of the following occurrences or acts shall constitute an event of default ("**Events of Default**") under this Permit:

(a) Breach of Obligations. If Permittee shall fail to:

(i) Perform pursuant to any terms of the Settlement Agreement;

(ii) Provide any insurance coverage as required by this Permit, within thirty (30) days of written request; or

(iii) Observe or perform any other provision hereof and such failure shall continue for thirty (30) days after notice to Permittee of such failure or such longer period as reasonably may be required to cure such default if the same cannot be cured within such 30 day period and Permittee commences to effect cure within such 30 day period and diligently pursue such cure thereafter.

(b) Bankruptcy. If Permittee shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer proposing the adjudication of Permittee as a bankrupt or its reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law shall be filed in any court and Permittee shall consent to or acquiesce in the filing thereof or such petition or answer shall not be discharged or denied within sixty (60) days after the occurrence of any of the foregoing;

(c) Other Insolvency Events. If a receiver, trustee or liquidator of Permittee or of all or substantially all of the assets of Permittee or of the Permitted Property or Permittee's interest therein shall be appointed in any proceeding brought by Permittee, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Permittee and shall not be discharged within sixty (60) days after the occurrence thereof, or if Permittee shall consent to or acquiesce in such appointment; or

(d) Abandonment. If, following commencement of development of the Permitted Property and at any time thereafter during the term of this Permit, Permittee shall abandon the Permitted Property, with Permittee's cessation of operations for a

period of ninety (90) consecutive days, unless such cessation is due to maintenance, overhaul or similar work, to be conclusive evidence that the Permitted Property has been abandoned. Permittee shall notify SITLA in writing of any cessation of operations due to maintenance, overhaul or similar work for a period of greater than ninety (90) consecutive days. Such notification must be received by SITLA within ninety (90) days of the cessation of operations.

33. Remedies. If an Event of Default shall have happened and be continuing, SITLA shall have the following rights and remedies, to the maximum extent available or permitted under applicable law:

(a) Right to Terminate. SITLA shall have the right to give Permittee notice of SITLA's right to terminate the Permit unless such breach is cured within thirty (30) days. Upon the giving of such notice and unless Permittee cures the breach, the term of this Permit and the estate hereby granted shall expire and terminate on the date set forth in such notice as fully and completely and with the same effect as if such date were the date herein fixed for the expiration of the term of the Permit, and all right of Permittee hereunder shall expire and terminate, but Permittee shall remain liable as hereinafter provided. Notwithstanding the foregoing, in the event Permittee breaches any terms of the Settlement Agreement, SITLA shall have the right to terminate the Permit immediately without the necessity of providing a period of time for Permittee to cure the breach.

(b) Right to Re-enter. SITLA shall have the immediate right, whether or not the term of this Permit shall have been terminated pursuant to **Section 33(a)**, to re-enter and repossess the Permitted Property by summary proceedings, ejectment, any other legal action or in any lawful manner SITLA determines to be necessary or desirable and to remove all persons and property therefrom. No such re-entry or repossession of the Permitted Property shall be construed as an election by SITLA to terminate the term of this Permit unless a notice of such termination is given to Lessee pursuant to **Section 33(a)**.

(c) Reletting of the Permitted Property. At any time or from time to time after the re-entry or repossession of the Permitted Property pursuant to **Section 33(b)**, whether or not the term of this Permit shall have been terminated pursuant to **Section 33(a)**, SITLA shall use reasonable efforts to relet the Permitted Property for the account of Permittee at a rent which is reasonable in light of the then existing market conditions in the community, in the name of Permittee or SITLA or otherwise, without notice to Permittee, for such term or terms and on such other conditions and for such uses as SITLA, in its absolute discretion, may determine. SITLA may collect and receive any rents payable by reason of such reletting.

(d) No Release. No expiration or termination of the term of this Permit pursuant to **Section 33(a)**, by operation of law or otherwise, and no re-entry or repossession of the Permitted Property pursuant to **Section 33(b)** or otherwise, and no reletting of the Permitted Property pursuant to **Section 33(c)** or otherwise, shall relieve Permittee of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, re-entry, repossession or reletting as hereinafter provided.

(e) Damages. In the event of any expiration of the term of this Permit or re-entry or repossession of the Permitted Property by reason of the occurrence of an Event of Default, Permittee will pay to SITLA all rents and other amounts due to SITLA up to and including the date of such expiration, termination, re-entry or repossession; and, thereafter, Permittee shall, until the end of what would have been the term of this Permit in the absence of such expiration, termination, re-entry or repossession, and whether or not the Permitted Property shall have been relet, be reliable to SITLA for, and shall pay to SITLA, as liquidated and agreed current damages: (i) all rents and other sums which would be payable under this Permit by Permittee in the absence of such expiration, termination, re-entry or repossession, less (ii) the net proceeds, if any, of the reletting affected for the account of Permittee pursuant to **Section 33(c)**, after deducting from such proceeds all expenses of SITLA in connection with such reletting (including, but not limited to, all repossession costs, brokerage commissions attorney's fees and expenses [including fees and expenses of appellate proceedings], employees' expenses, alteration and construction costs and expenses of preparation for such reletting and other expenses related to Permittee's default). Permittee will pay such current damages on the days on which rent would be payable under this Permit in the absence of such expiration, termination, re-entry or repossession, and SITLA shall be entitled to recover the same from Permittee on each such day.

34. Remedies Not Exclusive. No right or remedy herein conferred upon or reserved to SITLA is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing by law, in equity or by statute.

35. Force Majeure. If either Party, without fault or negligence by such Party, is rendered unable by Force Majeure, as defined herein, to perform any obligation of under this Permit, other than Permittee's obligations under the Settlement Agreement, then upon such Party promptly giving written notice to the other Party, the performance of such obligation shall be suspended during the period of time the inability to perform continues as a result of an event of Force Majeure, and such Party shall be relieved of liability for its failure to perform during such period of time; provided that the Party asserting an inability to perform shall use its best efforts to correct such inability and to resume promptly its performance as required under the Permit. The term Force Majeure shall mean causes or events such as an act of God, act of civil or military authority, fire, epidemic, flood, earthquake, riot, war, terrorism, sabotage, or other



similar cause or event not within such Party's reasonable control, but not including generalized economic conditions, recession, or depression. The written notice provided under this **Section 35** shall set forth the particular nature and circumstances of the Force Majeure, the expected effect of the Force Majeure on the Party's performance under the Permit, and the expected date the Party will resume performance.

36. Improvements Upon Permit Termination. Upon the termination of this Permit for any cause whatsoever, Permittee shall upon request of SITLA immediately surrender peaceable possession of the Permitted Property, including all buildings, structures, fixtures and other improvements (collectively, the "**Improvements**") then located thereon, but not including personal property, in a good, clean and useable condition (ordinary depreciation, reasonable wear and tear, casualty loss, and condemnation loss excepted). In the event SITLA chooses not to retain the Improvements upon the termination or early expiration of the Permit, Permittee shall remove the Improvements within sixty (60) days of notice from SITLA requiring such, and reclaim the Permitted Property in accordance with **Section 37**. Removal of the Improvements and restoration of the Permitted Property shall be at Permittee's sole cost and expense. In the event that Permittee fails to remove the Improvements upon notice from SITLA, SITLA may do so, in which case Permittee shall reimburse SITLA for all reasonable costs of removal and restoration.

37. Reclamation. Upon termination of this Permit, Permittee shall reclaim the Permitted Property by properly removing structures, equipment and debris, recontouring the Permitted Property to its approximate original contour, and revegetating the Permitted Property, as necessary in the reasonable judgment of SITLA to prevent soil erosion, ensure the establishment of suitable vegetation, and control noxious weeds and pests. Permittee shall further abate any hazardous condition on or associated with the Permitted Property. Permittee and representatives of all governmental agencies having jurisdiction shall have the right to re-enter the Permitted Property for reclamation purposes for a reasonable period after termination of the Permit.

38. Waiver of Breach. No waiver of the breach of any provisions of this Permit shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Permit.

39. Notices. Notices shall be in writing and shall be given by (a) personal delivery, (b) deposit in the United States mail, certified mail, return receipt requested (which receipt shall be preserved as evidence of delivery), postage prepaid, or (c) overnight express delivery service, addressed or transmitted to SITLA and Permittee at the following addresses, or to such other addresses as either party may designate to the other in writing delivered in accordance with the provisions of this **Section 39**:



If to SITLA: School and Institutional Trust Lands Administration  
Attn: Assistant Director – Surface  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

If to Permittee: MCW Oil Sands Recovery, LLC  
18653 Ventura Blvd., Suite 158  
Tarzana, CA 91356

All notices shall be deemed to have been delivered and shall be effective upon the date on which the notice is actually received, if notice is given by personal delivery or by overnight express delivery service, or on the third day after mailing if notice is sent through the United States mail.

40. Attorney's Fees. If any action is brought by any party to this Permit in respect of its rights under this Permit, the prevailing party shall be entitled to reasonable attorney's fees and court costs as determined by the court. In the event that any person who shall not be a party to this Permit shall institute an action against a party to this Permit in which the other party to this Permit shall be involuntarily and without cause joined as a party, the party against whom said action is instituted shall reimburse the other party to this Permit for all attorney's fees incurred by such party in connection therewith.

41. Severability. The invalidity of any provision of this Permit, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

42. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies hereunder or at law or in equity.

43. Construction. The titles which are used following the number of each Section are so used only for convenience in locating various provisions of this Permit and shall not be deemed to affect the interpretation or construction of such provisions. The parties acknowledge that each party and its counsel have reviewed and revised this Permit. This Permit shall not be construed for or against SITLA or Permittee. References in this Permit to "Sections" and refer to the Sections of this Permit unless otherwise noted.

44. SITLA's Consent. Whenever this Permit provides for or requires the consent or approval of SITLA, such consent or approval may be given or withheld in the sole or absolute discretion of SITLA, unless a standard of reasonableness is expressly stated.

45. Successors. Subject to the restrictions contained in **Section 24** and **Section 25**, this Permit and all provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of SITLA and Permittee.

46. Governing Law; Venue. The terms, conditions, covenants, and agreements herein contained shall be governed, construed, and controlled according to the laws of the state of Utah. Any action brought in connection with this Permit shall be brought in the Third District Court for Salt Lake County, Utah, subject, however, to any legal requirement for prior exhaustion of administrative remedies.

47. Time is of the Essence. Time is of the essence of this Permit and in the performance of all of the covenants and conditions hereof.

48. Relationship of the Parties. It is expressly understood and agreed that SITLA does not in any way, nor for any purpose, become a partner of Permittee or a joint venturer with Permittee in the conduct of Permittee's business, or otherwise, and that the provisions of any agreement between SITLA and Permittee relating to rent are made solely for the purpose of providing a method whereby rental payments are to be measured and ascertained.

49. Time Periods. In the event the time for the performance of any obligation or the taking of any action hereunder expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

50. Tax and Zoning Immunity. Nothing contained in this Permit shall be deemed to constitute a waiver of applicable laws providing tax and zoning immunity to state property or any interest therein or income therefrom.

51. No Waiver of Sovereign Immunity. By this Permit, SITLA does not waive, limit, or modify any sovereign immunity from suit except as specifically provided herein.

52. Entire Agreement. This Permit sets forth all the promises, inducements, agreements, conditions, and understandings between SITLA and Permittee relative to the Permitted Property, and there are no promises, agreements, conditions, or understandings, either oral or written, express or implied, between them other than are set forth therein. No subsequent alteration, amendment, change, or addition to this Permit shall be binding upon SITLA or Permittee unless in writing and signed by each of them.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT****CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )On January 13th, 2016 before me, Ninel Faktorovich, Notary Public,

Date

Here Insert Name and Title of the Officer

personally appeared Aleksandr Blyumkin

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_ Document Date: \_\_\_\_\_

Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**IN WITNESS WHEREOF**, the parties hereto have executed this Permit on the day and year first written above.

**SITLA:**

STATE OF UTAH, SCHOOL AND  
INSTITUTIONAL TRUST LANDS  
ADMINISTRATION

David Ure  
DAVID URE, DIRECTOR

**PERMITTEE:**

MCW OIL SANDS RECOVERY LLC

By: Alexander Blyumtchik

Its: Alexander Blyumtchik

APPROVED AS TO FORM:  
SEAN D. REYES  
ATTORNEY GENERAL

By: Sean D. Reyes  
Special Assistant Attorney General

STATE OF UTAH                    )  
  : §  
COUNTY OF SALT LAKE    )

The foregoing instrument was acknowledged before me this 2 day of February, 2016, by David Ure, in his capacity as Director of the School and Institutional Trust Lands Administration.



Nannette Johnson  
Notary Public

STATE OF UTAH                    )  
  : §  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, in his/her capacity as \_\_\_\_\_ of the Permittee.

\_\_\_\_\_  
Notary Public

**EXHIBIT A**

The Permitted Property

Township 4 South, Range 20 East, SLB&M  
Section 24: SW $\frac{1}{4}$ NE $\frac{1}{4}$  (within)

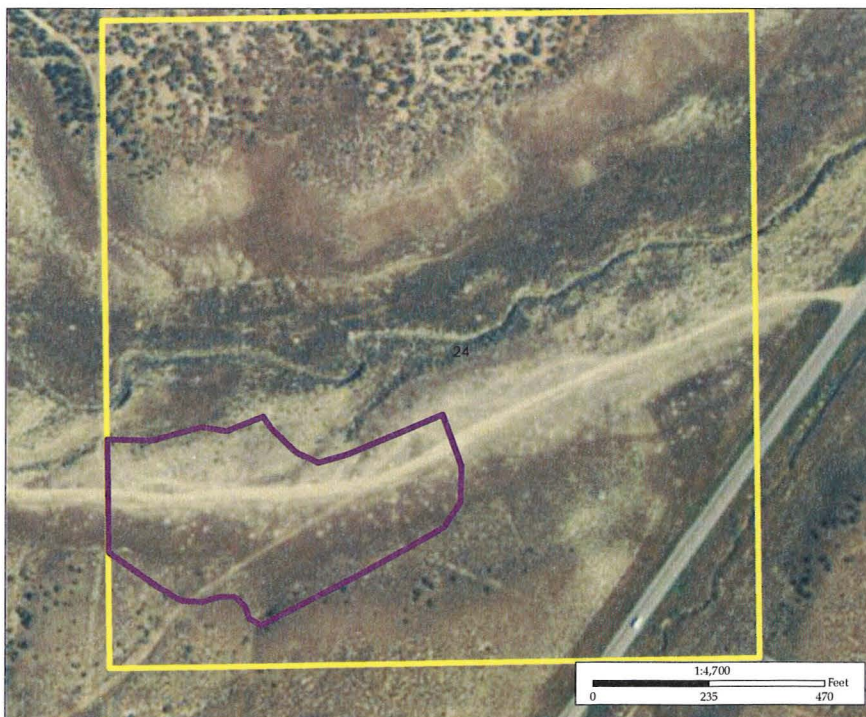
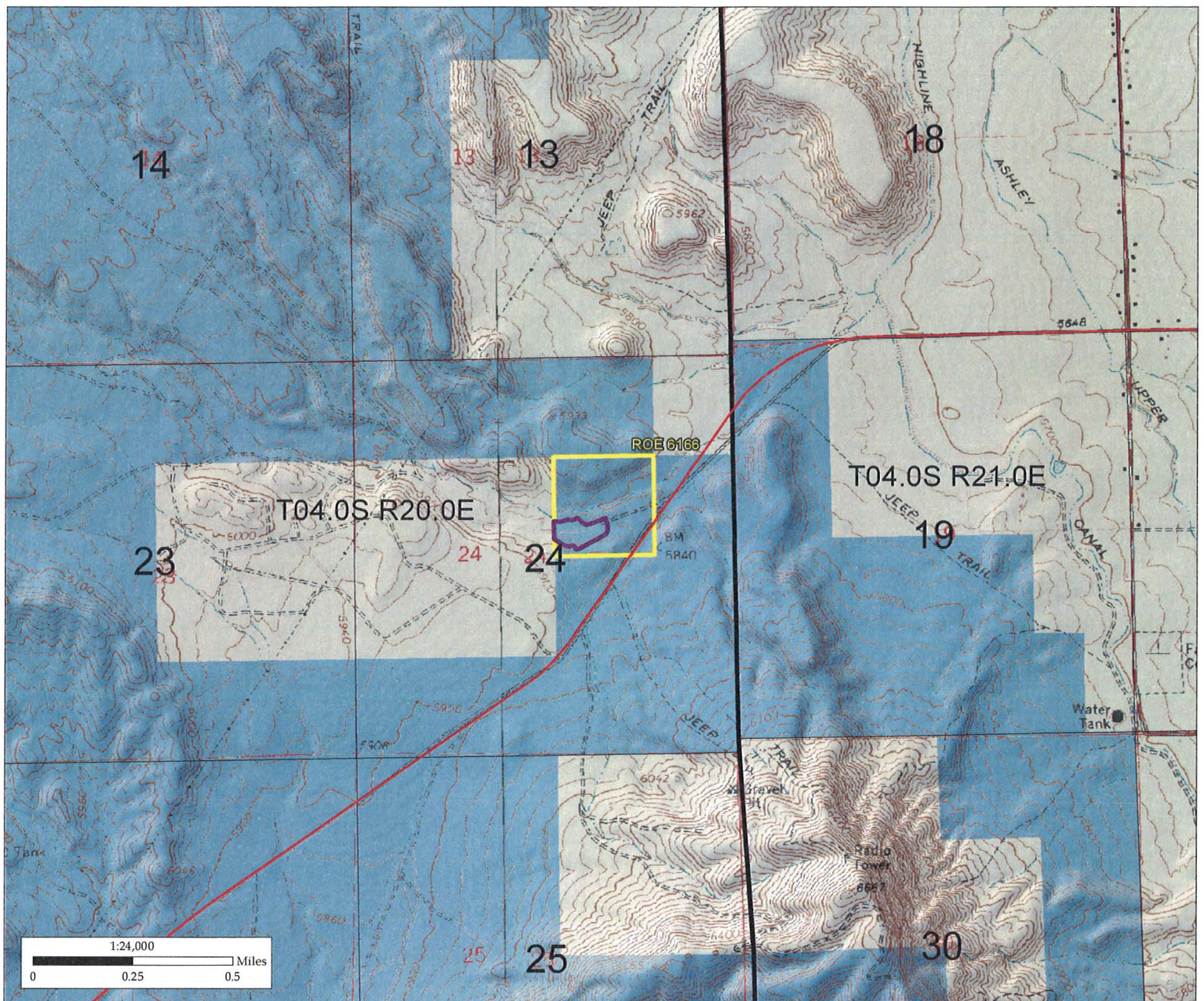
Containing 4.76 acres as more particularly depicted on Exhibit B.



**EXHIBIT B**

**Map of the Permitted Property**





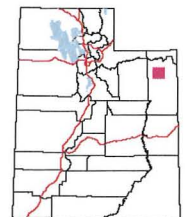
## Right of Entry No. 6166 - Exhibit B

Township 4 South, Range 20 East, SLB&M,  
SW4NE4, Section 24  
Uintah County



- Land Ownership and Administration**
- Bureau of Land Management
  - Bureau of Reclamation
  - Bankhead-Jones Land Use Lands
  - National Recreation Area
  - National Parks, Monuments & Historic Sites
  - National Forest
  - National Wilderness Area
  - National Wildlife Refuge
  - Other Federal
  - Military Reservations and Corps of Engineers
  - Private
  - State Trust Lands
  - State Sovereign Land
  - State Parks and Recreation
  - State Wildlife Reserve/Management Area
  - Other State
  - Tribal Lands
  - Existing Facility (approx. boundary)

■ Right of Entry



Coordinate System: NAD 1983 UTM Zone 12N  
Projection: Transverse Mercator

Data represented on this map is for REFERENCE USE ONLY and is not suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information. SITLA provides this data in good faith and shall in no event be liable for any incorrect results, or any special, indirect or consequential damages to any party, arising out of or in connection with the use or the inability to use the data hereon.

Land parcels, lease boundaries and associated SITLA data layers may have been adjusted to allow for visual "best fit." The Surface Ownership Land Status data (if present) are maintained by SITLA to reflect current trust land status and surface ownership. Lakes, rivers, streams, highways, roads, county and state boundaries are distributed by the Utah Automated Geographic Reference Center and/or other sources as specified. Contour lines (if present) were generated from USGS 10 meter DEM.

Please Note: While SITLA seeks to verify data for accuracy and content, discrepancies may exist within the data. Acquiring the most updated SITLA ownership GIS data may require contacting the GIS staff directly 801-538-5100 or TLA-GIS@utah.gov. The SITLA GIS department welcomes your comments and concerns regarding the data and will attempt to resolve issues as they are brought to our attention.



**EXHIBIT C**

**Settlement Agreement**

## SETTLEMENT AGREEMENT

The School and Institutional Trust Lands Administration ("**SITLA**") and MCW Oil Sands Recovery, LLC, MCW Energy Group Limited (collectively "**MCW**") enter into the following agreement to address the November 17, 2015 Final Agency Action directing MCW to cease and desist from continued occupation *of and operation on the lands described therein ("Final Agency Action")*. MCW has been occupying lands in Uintah County, Utah in the form of an oil sands processing plant without authorization or approval from SITLA who administers these lands in the name of the State of Utah. MCW does not contest the allegations contained in the Final Agency Action and has not filed an appeal from Final Agency Action. MCW wishes to resolve the Final Agency Action by performing the following actions and paying the enumerated sums set forth herein. SITLA is willing to withdraw the Final Agency Action upon MCW's performance of the Terms of this agreement.

### TERMS

1. MCW agrees to pay the following to the SITLA, totaling \$73,750.00:
  - A. Back rentals in the amount of \$37,500.00;
  - B. Statutory damages in the amount of \$25,000.00;
  - C. Reimbursement for costs in the amount of \$5,000.00;
  - D. Advance 6-month rental in the amount of \$6,250.00.
2. MCW and SITLA agree that the payment of the above shall adhere to the following schedule:
  - A. \$45,000.00 payment due no later than December 21, 2015
  - B. \$28,750.00 payment due no later than January 29, 2016
  - C. The failure to make any payment shall terminate this agreement and result in SITLA retaining any funds paid previously.
3. MCW agrees to provide proof of liability insurance coverage with a limit for each occurrence of not less than \$1 million, and a limit for aggregate coverage of not less than \$2 million, with respect to personal injury, death and property damage. SITLA must be named as an additional insured on the policy.
  - A. A certificate of liability insurance coverage shall be provided to SITLA no later than December 21, 2015.
4. Upon timely receipt of the \$45,000.00 payment and a properly executed copy of this settlement agreement by MCW on December 21, 2015, SITLA agrees to:
  - A. Effective January 1, 2016, issue a right of entry permit to MCW providing for the continued operation of the oil sands processing plant for a period of six months, conditioned on MCW's submittal of a bond in the amount of \$200,000.00 to secure removal and remediation costs. The bond may be in the form of a corporate surety bond, letter of credit, or cash.

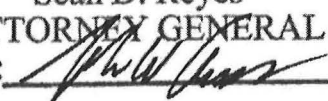
- B. MCW and SITLA agree that the \$200,000.00 bond shall be submitted to SITLA no later than January 29, 2016. Failure to submit this bond when due shall terminate this agreement and SITLA shall be entitled to retain all funds previously paid. Termination of this agreement by failure to timely perform by MCW shall result in the termination of the right of entry permit and require MCW to immediately vacate and reclaim the occupied lands. Time is of the essence to this agreement.
5. Subject to MCW's performance of the foregoing SITLA agrees to:
- A. Terminate the uncontested November 17, 2015 Final Agency Action;
- B. Prior to the expiration of the right of entry permit, SITLA is willing to enter into a special use lease with MCW providing for the operation of the processing plant, contingent upon the following:
- i. MCW adheres to all lease application procedures and provides all application materials as requested by SITLA
- ii. The lease is issued pursuant to SITLA's administrative rules
- iii. MCW submits payment of standard lease application and processing charges
- iv. The annual rental for the lease will begin at \$12,500.00, with rental adjustments scheduled every three years throughout the term of the lease, and the \$200,000.00 bond remains in effect.
- v. The lease is issued for a term of no longer than 20 years.
6. If MCW declines to pursue a special use lease for continued operation on the occupied lands by the end of the six month right of entry permit, MCW shall immediately vacate the property and reclaim the same within two months or forfeit the bond.
7. The parties represent that they have the legal capacity to enter into and bind themselves to these Terms and their signatures below constitute their representation of such authority.

**STATE OF UTAH, SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION**

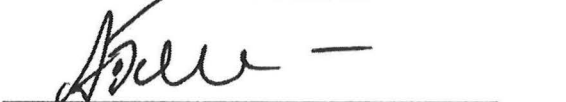


Kevin S. Carter  
Director


Approved as to Form Date: 23 Dec 15

Sean D. Reyes  
ATTORNEY GENERAL  
By: 

**MCW ENERGY GROUP LIMITED**

  
By: Aleksandr Blyumkin  
Its: Director  
Date: 12-21-15


**MCW OIL SANDS RECOVERY, LLC**

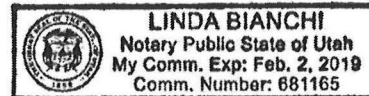
  
By: Aleksandr Blyumkin  
Its: Chairman  
Date: 12-21-15

STATE OF UTAH )  
: ss.  
COUNTY OF SALT LAKE )

On the 23 day of December, 2015, appeared before me Kevin S. Carter, the Director of the School and Institutional Trust Lands Administration of the State of Utah (SITLA), who, his identity and position having been satisfactorily established to me, affirmed to me upon oath that the governing body of SITLA, has authorized him to execute the foregoing Settlement Agreement, and did duly acknowledge in my presence having executed the same for the purpose stated therein.

Seal:


  
Notary Public

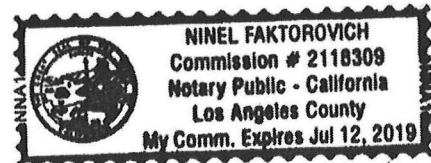


----- ~ ~ ~ -----  
STATE OF CALIFORNIA )  
: ss.  
COUNTY OF LOS ANGELES )

On this 21st day of December, 2015, appeared before me (name) Aleksandr Blyumkin, the (title) director of MCW Energy Group Limited, who, his/her identity and position having been satisfactorily established to me, affirmed to me upon oath that the governing body of MCW Energy Group Limited, has authorized him/her to execute the foregoing Settlement Agreement, and did duly acknowledge in my presence having executed the same for the purpose stated therein.

Seal:


  
Notary Public



----- ~ ~ ~ -----  
STATE OF CALIFORNIA )  
: ss.  
COUNTY OF LOS ANGELES )

On this 21st day of December, 2015, appeared before me (name) Aleksandr Blyumkin, the (title) chairman of MCW Oil Sands Recovery, LLC, who, his/her identity and position having been satisfactorily established to me, affirmed to me upon oath that the governing body of MCW Oil Sands Recovery, LLC, has authorized him/her to execute the foregoing Settlement Agreement, and did duly acknowledge in my presence having executed the same for the purpose stated therein.

Seal:

  
Notary Public

