
**AGREEMENT TO MODIFY SURFACE MINING ENCROACHMENT PERMIT
AGREEMENT (PERMIT 02-02013-00144)**

This **Agreement** made and entered into by and between the **Commonwealth of Kentucky**, for and on behalf of its Transportation Cabinet, Department of Highways, through its District Office located at 1840 North Main Street, Madisonville, Kentucky 42431, hereinafter the **First Party**, and **Kentucky Land Resources, Inc.**, a Delaware Corporation, with business address of 46226 National Road, St. Clairsville, Ohio 43950, hereinafter the **Second Party**.

WITNESSETH:

WHEREAS, The First Party owns existing public right of way known as KY 1903, hereinafter referred to as the **Existing Right of Way**;

WHEREAS, The Second Party is the assignee of an active encroachment permit #02-2013-00144 with the First Party which included removing part of the roadway of KY 1903 in order to perform a coal extraction process, hereinafter referred to as **Encroachment Permit**;

WHEREAS, Phase I (as prescribed in the original Encroachment Permit) of the roadway was removed prior to the Second Party acquiring the property. The Second Party is no longer actively operating the mine for coal extraction;

WHEREAS, upon the Second Party acquiring the Encroachment Permit, the First Party and the Second Party agreed to the sufficiency of THREE MILLION DOLLARS AND 00/100 (\$3,000,000.00) for the bond associated with the Encroachment Permit;

WHEREAS, the Second Party has posted an Encroachment Permit Bond by Indemnity National Insurance Company (Bond # N-6001052) in the amount of THREE MILLION DOLLARS AND 00/100 (\$3,000,000.00) (the "Encroachment Bond") accepted by the First Party on November 16, 2020;






WHEREAS, the Engineering Cost Estimate to rebuild KY SR 1903 to First Party standards as of the date of this Agreement is calculated at TWO MILLION SIX HUNDRED FORTY THOUSAND DOLLARS AND 00/100 (\$2,640,000.00); and

WHEREAS, the Second Party has exceeded the time requirements set forth in Section VI of the Encroachment Permit #02-2013-00144.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set out herein, the First Party and the Second Party do hereby agree as follows:

1. The foregoing recitals are incorporated as if fully rewritten herein.
2. The First Party agrees to extend the time limit established in the Encroachment Permit #02-2013-00144 to have a construction completion date of December 31, 2028. The Second Party may request a written extension to the completion date to the First Party, if the project site is impacted by a natural disaster which is categorized as flooding, a tornado, or earthquake and/or similar acts of God. If a written extension request is submitted, such request shall be submitted no later than thirty (30) days prior to December 31, 2028.
3. The Second Party agrees to maintain the Encroachment Permit Bond in the amount of THREE MILLION DOLLARS AND 00/100 (\$3,000,000.00) as prescribed in the original Encroachment Permit.
4. Section IV Paragraphs 2, 3 and 4 are hereby deleted from the Surface Mining Encroachment Permit Agreement.
5. Section IV Paragraph 5 is hereby deleted from the Surface Mining Encroachment Permit Agreement and replaced with the following new paragraph:



“Upon certified acceptance by the Department that all mining activities within the Airspace are completed, KY 1903 is replaced and opened for normal traffic, the Encroachment Bond on account shall be reduced to ONE MILLION DOLLARS AND 00/100 (\$1,000,000.00) to insure proper use, maintenance and protection of the Airspace as more described in Section VI POST-CONSTRUCTION MAINTENANCE of this Agreement. The remaining ONE MILLION DOLLARS AND 00/100 (\$1,000,000.00) of the Encroachment Bond shall remain in force and effect for a period of ten (10) years or until as otherwise provided for in this Agreement following certified acceptance as noted above and as calculated by the Department.”

6. The Second Party agrees to the following milestones:

- April 1, 2027: provide a draft set of roadway plans developed by a KYTC prequalified and approved design engineer.
- August 1, 2027: Secure additional ROW necessary to construct realignment of KY 1903.
- November 1, 2027: Provide a final set of roadway plans developed by a KYTC prequalified and approved design engineer.
- December 31, 2028: Finish construction of KY 1903.*

*KY 1903 must be constructed up to the top asphalt base layer and the roadway reopened by December 31, 2028. The final asphalt surface course completion may be delayed until July 1, 2029.

7. The First Party agrees to a review and respond period for all submittals by the Second Party of no more than thirty (30) days. Should the First Party exceed



the thirty (30) day review and respond time for any submittal, all subsequent milestone dates shall be amended by adding a day for each day of delay caused by the First Party's review time exceedance.

8. This Agreement shall serve as formal notice under Section VIII that the Second Party exercises its option to not conduct any further disturbance of the Phase II Highway Removal and Phase II Highway Relocation and Reconstruction.
9. All other provisions of active Encroachment Permit #02-2013-00144, not otherwise modified herein, remain in full force and effect.

* Signature page follows *



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IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the dates set out below.

Executed by the First Party

This the 3 day of June, 2026

Commonwealth of Kentucky
Transportation Cabinet
Department of Highways

By: Deneatra Henderson

Title: Executive Director

Address: 1840 North Main Street
Madisonville, KY 42431

Executed by the Second Party

This the 8th day of JUNE, 2026

Kentucky Land Resources, Inc.

By: _____
James R. Turner, Jr.

Title: President

Address: 46226 National Road
St. Clairsville, OH 43950

Approved as to form and legality:

Bradley K. Ashby, Staff Attorney
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Highway District Legal Branch
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