

Bald Hills – Coyote Peak
Borrow and Stockpile Site Agreement
APN 531-022-002

LICENSE AGREEMENT

THIS LICENSE AGREEMENT, hereinafter referred to as AGREEMENT, made and entered into this 1 day of October, 2019, by and between the GREEN DIAMOND RESOURCE COMPANY, a Washington Corporation, hereinafter referred to as GREEN DIAMOND, and the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY.

WITNESSETH:

WHEREAS, GREEN DIAMOND represents and warrants that it is the owner in fee of a parcel of land in the northwest quarter of Section 29, Township 9 North, Range 3 East, Humboldt Base and Meridian, also identified at this point in time by Assessor's Parcel Number 531-022-002, hereinafter referred to as SITE, and as such has the exclusive right to enter into this AGREEMENT; and

WHEREAS, COUNTY desires to enter upon and use a portion of said property for the purposes of a surface mining operation, stockpile site, and equipment storage, as shown on the aerial photograph attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, COUNTY shall perform a surface mining operation consisting of the extracting, crushing, and stockpiling of rock on a portion of said property for the purpose of maintenance and repairs on County roads;

NOW THEREFORE, in consideration of the mutual covenants and promises contained below, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties hereto, COUNTY and GREEN DIAMOND agree as follows:

1. **LICENSE**

GREEN DIAMOND grants permission, subject to all terms and conditions of this AGREEMENT, for COUNTY and its officers, agents, employees, contractors, and volunteers to enter and use a portion of GREEN DIAMOND'S property identified by Assessor's Parcel Number 531-022-002 for purposes described above. The approximate SITE location is shown on the Assessor's Parcel Map attached hereto as Exhibit B, which is incorporated herein by reference.

2. **LICENSE NOT A LEASE**

This AGREEMENT does not constitute a lease, but constitutes a mere license agreement and COUNTY is limited to the use of the premises expressly and specifically described in Sections 1 and 4 herein.

3. **TERM**

The term of this AGREEMENT shall commence on the effective date shown above and shall terminate on December 31, 2019. Upon expiration of the initial term, this AGREEMENT

will automatically extend on each anniversary for up to four (4) additional one (1)-year terms following the initial term, provided that (i) COUNTY remits the appropriate payments, including (if appropriate) Royalty payments, and (ii) either party may provide the other party with written notice of termination at any time and effective after sixty (60) days.

COUNTY shall have sixty (60) days beyond termination date to remove equipment and stockpiled aggregate material from SITE.

4. USE OF PREMISES

GREEN DIAMOND grants to COUNTY the right to use a portion of GREEN DIAMOND'S real property described in Section 1 for COUNTY'S surface mining operation, hereinafter referred to as ACTIVITIES.

GREEN DIAMOND grants to COUNTY the right of ingress and egress over a portion of GREEN DIAMOND'S real property described in Section 1 for access to COUNTY'S surface mining operation.

COUNTY shall have the right of stockpiling/storage of extracted and crushed aggregate produced from COUNTY'S surface mining operation.

COUNTY shall have the right of temporary storage for all equipment necessary for the extracting, crushing, and stockpiling activities associated with the surface mining operation.

COUNTY shall have the right of access to and use of stockpiled material as deemed necessary by COUNTY.

Use of SITE by COUNTY shall be in compliance with all applicable laws including laws governing the use of hazardous materials and the management and discharge of stormwater. COUNTY shall not store hazardous materials on SITE. For purposes of this Section, hazardous materials are defined as any noxious or hazardous substance, the use of which is regulated by Federal or State Laws. Prior to commencement of use of the Site, COUNTY shall provide GREEN DIAMOND with written notice demonstrating that COUNTY has obtained NPDES permit coverage for any stormwater discharge from the site or has established that no stormwater discharge to waters of the United States will originate from the SITE used by the COUNTY. If an NPDES permit is required for the SITE, COUNTY shall maintain NPDES permit coverage during all periods of SITE use.

COUNTY agrees to provide and pay for all labor, equipment, materials, and supplies for its ACTIVITIES under AGREEMENT unless otherwise specified herein.

COUNTY agrees to access SITE using only roads and entryways approved by GREEN DIAMOND.

COUNTY agrees to cease using vehicles on GREEN DIAMOND'S roads during periods when weather conditions make driving hazardous or may have a detrimental impact to the environment, including, but not limited to, the occurrence of rain in sufficient quantity and duration that the use of vehicles would result in rutting and deformation of the road surface, degradation of water-bars, or tracking of mud onto public roadways.

5. **COMPENSATION**

A. Rental

COUNTY shall pay GREEN DIAMOND the sum of Fifty Dollars (\$50.00) per month as rent for use of the SITE referred to in Section 1 herein for an annual rate of Six Hundred Dollars (\$600.00), payable in advance prior to January 1 of each calendar year.

B. Royalty

In addition to the rent set forth in the previous paragraph COUNTY shall pay to GREEN DIAMOND a royalty rate of one dollar twenty-five cents (\$1.25) per cubic yard for mined material. Said material shall be measured by truck capacity and said total shall be paid monthly, accompanied by copies of truck trip and capacity documentation.

COUNTY shall crush extracted material on SITE and stockpile said material on SITE. Title to such material shall vest in COUNTY upon extraction:

GREEN DIAMOND shall have the right to audit COUNTY records to determine whether GREEN DIAMOND has been paid in accordance with this Section.

C. Payment

Payments herein required shall be made to:

Green Diamond Resource Company
Attn: Accounts Receivable
P.O. Box 1089
Arcata, CA 95518-1089

6. **GREEN DIAMOND'S ACCESS TO PREMISES**

GREEN DIAMOND shall retain the right of access and use of SITE at all times and COUNTY shall not restrict GREEN DIAMOND'S use thereof.

7. **COMPLIANCE WITH LAWS**

COUNTY shall comply with federal, state, and local laws, agreements, permits, regulations, and statutes governing the ACTIVITIES. COUNTY shall comply with regulations applicable to forestry practices, water quality, fish and game protection, fire prevention, environmental protection and safety, and any other conditions or restrictions imposed by any governmental or quasi-governmental body. GREEN DIAMOND does not warrant its authority to permit the ACTIVITIES. COUNTY shall be solely responsible for acquiring, at its sole cost and expense, any and all permits, licenses, variances, and the like requisite to the conduct of the ACTIVITIES.

8. **REPRESENTATIONS**

GREEN DIAMOND makes no representations as to the present or future conditions, natural or man-made, of SITE, the character of the traffic on any of its roads, the condition of access roads, or risks associated with or arising from other persons on SITE. COUNTY has entered into this AGREEMENT at its own risk and assumes all risk of personal injury and property damage to itself, its agents, servants, employees, contractors, successors, and assigns in connection with ACTIVITIES under AGREEMENT. Nothing in this AGREEMENT shall be

construed as a guarantee of the type of work or quantity or quality of any products located in or on SITE.

COUNTY represents that it, or its contractor(s), is experienced and competent in performing the ACTIVITIES herein described and further represents it is familiar with and will comply with all the applicable statutes, rules and regulations promulgated by federal, state, county, local and other governmental agencies having control over, or an interest in, the ACTIVITIES hereunder. COUNTY agrees to conduct its ACTIVITIES in a diligent and workmanlike manner in accordance with the highest standards and practices recognized in the industry. COUNTY shall not unnecessarily damage trees while conducting its ACTIVITIES.

9. **RESPONSIBILITIES OF COUNTY**

COUNTY shall promptly report to GREEN DIAMOND any violations of any laws, regulations, or permits of which COUNTY has knowledge and promptly send to GREEN DIAMOND a copy of any notice of violation received by COUNTY. A copy of all citations or other written documents COUNTY receives from any agency shall accompany the notice of violation.

SITE access shall be limited to normal business hours unless otherwise approved by GREEN DIAMOND, with the exception of natural disasters, in which case SITE will be available to the COUNTY 24-7 without prior approval by GREEN DIAMOND. COUNTY shall maintain SITE used by COUNTY in an orderly, clean, and sanitary manner as required by GREEN DIAMOND.

In the event of any violation of this AGREEMENT, or the occurrence of dangerous fire weather, or of possible damage to roads by their use in wet weather, or of the interference of GREEN DIAMOND'S operations, GREEN DIAMOND shall notify COUNTY'S representative in charge in the field, and COUNTY shall immediately suspend the ACTIVITIES or take steps to address the situation as GREEN DIAMOND may direct.

COUNTY shall strictly limit the ACTIVITIES to those described above, and shall not construct or erect any buildings, structures, equipment, or improvements on the SITE without the prior written consent of GREEN DIAMOND.

COUNTY shall acquaint itself with and confine the ACTIVITIES within the property boundaries and shall be responsible and liable for any trespass outside such boundaries as a result of the ACTIVITIES.

COUNTY shall return any and all keys that have been issued by GREEN DIAMOND for access to SITE at the expiration or termination of this AGREEMENT.

COUNTY shall not cut merchantable trees.

COUNTY shall promptly pay and discharge all liabilities to vendors and contractors for all labor and material employed in the ACTIVITIES. COUNTY shall indemnify, defend and hold harmless GREEN DIAMOND from any losses, costs, and expenses, including attorneys' fees, incurred to remove any construction, mechanics, or materialman's liens filed against GREEN DIAMOND'S property by any vendors or contractors supplying goods or services.

10. **FIRE AND FIRE PREVENTION**

COUNTY shall not undertake any burning of debris.

COUNTY assumes full responsibility for personal injury or property damage resulting from the ACTIVITIES by fire or otherwise, including without limitation damage to any timber, logs, logging works, or equipment, and agrees to conform to all laws of the State of California pertaining to forest fires and their prevention and to all rules and regulations of the various departments and subdivisions thereof, as well as those of GREEN DIAMOND, the U.S. Forest Service, and any other public authority.

11. **HOLD HARMLESS/INDEMNIFICATION**

A. GREEN DIAMOND shall indemnify, defend and hold harmless COUNTY and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorneys' fees, which are caused by the sole negligence or willful acts of misconduct by GREEN DIAMOND or by its officers, agents, or employees in connection with GREEN DIAMOND'S duties and obligations under this AGREEMENT and any amendments hereto.

B. COUNTY shall indemnify, defend and hold harmless GREEN DIAMOND and its officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorneys' fees, which are caused by any negligent or willful acts of misconduct or omissions (either directly or through or by its officers, agents, or employees) in connection with COUNTY'S activities, duties, and obligations under this AGREEMENT and any amendments hereto.

12. **NOTICE**

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

If to the COUNTY:

Attn: County of Humboldt
Department of Public Works
1106 Second Street
Eureka, CA 95501-0531

If to GREEN DIAMOND:

Attn: Green Diamond Resource Company
California Division
Attn: Administrative Forester
P.O. Box 68
Korbel, CA 95550-0068

With a copy to:
Green Diamond Resource Company
Legal Department
1301 Fifth Avenue, Suite 2700
Seattle, WA 98101-2613

Each party may at any time change its address for notice by giving written notice of such change to the other party in the manner provided in this Section.

13. **COUNTY'S INSURANCE**

Without limiting COUNTY'S indemnification provided herein, COUNTY shall take out and maintain, throughout the period of this AGREEMENT, the following policies of insurance placed with insurers with a current A.M. Bests rating of no less than A:VII or its equivalent against

injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of COUNTY, its agents, employees, or sub-licensees:

A. Comprehensive/liability Insurance

Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 per occurrence. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit. Said policy shall contain, or be endorsed with, the following provisions:

(1) GREEN DIAMOND, its officers, employees and agents, are covered as additional insured for liability arising out of the operations performed by or on behalf of COUNTY. The coverage shall contain no special limitations on the scope of protection afforded to GREEN DIAMOND, its officers, agents, and employees.

(2) The policy shall not be canceled or materially reduced in coverage without thirty (30) days prior written notice (10 days for non-payment of the premium) to GREEN DIAMOND by certified mail.

(3) The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

(4) For claims related to this project, the COUNTY'S insurance is primary coverage to GREEN DIAMOND, and any insurance or self-insurance programs maintained by GREEN DIAMOND are excess to COUNTY'S insurance and will not be called upon to contribute with it.

(5) Any failure to comply with reporting or other provisions of the parties, including breach of warranties, shall not affect coverage provided to COUNTY, its officers, employees, and agents.

B. By its signature hereunder, COUNTY certifies that COUNTY is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and COUNTY will comply with such provisions in connection with any work performed on the premises. Any persons providing services with or on behalf of COUNTY shall be covered by workers' compensation (or qualified self-insurance).

14. LICENSE IS PERSONAL

The license herein granted to COUNTY is personal and no right hereunder may be assigned, sublet, or otherwise transferred in whole or in part without prior written consent of GREEN DIAMOND and any attempt to assign, sublet, or transfer shall be of no force or effect whatsoever unless and until GREEN DIAMOND shall have given its written consent.

15. JURISDICTION AND APPLICABLE LAWS

This AGREEMENT shall be governed by the laws of the State of California and shall be deemed to have been entered into in the City of Eureka, County of Humboldt, State of California. Any dispute arising hereunder or relating to this Agreement shall be litigated in the

State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to Code of Civil Procedure Sections 394 and 395.

16. **TERMINATION**

COUNTY and GREEN DIAMOND reserve the right to terminate this AGREEMENT on seven (7) days notice for any cause or reason provided by the AGREEMENT itself, or by law, or upon the happening of one or more of the following:

A. The making by COUNTY or GREEN DIAMOND of any general assignment for the benefit of creditors.

B. The failure of COUNTY or GREEN DIAMOND, to remedy any default, breach, or violation of federal/state/county laws or regulations by COUNTY or GREEN DIAMOND or its employees.

C. The violation of any of the provisions of this AGREEMENT.

D. Said SITE becomes damaged due to fire, flood, earthquake, or any other natural disaster.

E. Intentionally supplying COUNTY or GREEN DIAMOND with false or misleading information or misrepresenting any material fact on its application or documents or in its statement to or before COUNTY or GREEN DIAMOND, or intentional failure to make full disclosure on its financial statement or other documents.

17. **LICENSE MODIFICATION**

Any modifications, changes, additions, or deletions to this AGREEMENT or the Exhibits attached hereto shall first be approved by and between GREEN DIAMOND and COUNTY in writing.

18. **GREEN DIAMOND NOT OFFICER, EMPLOYEE, OR AGENT OF COUNTY**

While engaged in carrying out and complying with the terms and conditions of this AGREEMENT, GREEN DIAMOND is an independent contractor and not an officer, employee, or agent of COUNTY.

19. **COUNTY'S EMPLOYEES**

COUNTY'S employees shall be deemed employees of COUNTY and will not for any purpose be considered employees or agents of GREEN DIAMOND. GREEN DIAMOND shall exercise no control or supervision over the employees of COUNTY hereunder. It is understood and agreed that no relationship of employer and employee is or shall be deemed to exist either between GREEN DIAMOND and COUNTY or between GREEN DIAMOND and any other person(s) performing labor or services on behalf of COUNTY. COUNTY shall furnish and be responsible for its own employees, agents, and equipment. It is expressly understood that GREEN DIAMOND has no authority over COUNTY'S agents or employees, and any complaint by GREEN DIAMOND about COUNTY'S agents or employees will be brought by GREEN DIAMOND to COUNTY'S attention for resolution by COUNTY.

20. **SAFETY**

COUNTY shall comply with all federal, state, and local safety and health laws, regulations, and standards, including California Labor Code Sections 6400 et seq., related provisions of the California Code of Regulations and standards of the California Occupational Safety and Health Board, all as amended from time to time, and if applicable shall operate under a current Injury and Illness Prevention Plan that complies with Section 3203 of Title 8 of the California Code of Regulations. Failure of COUNTY to comply with all federal, state, and local health and safety laws, rules and regulations is grounds for immediate termination of this AGREEMENT.

21. **HAZARDOUS MATERIALS**

COUNTY shall indemnify GREEN DIAMOND and hold GREEN DIAMOND harmless from and against any and all loss, cost, damage, expense, or claim of any kind and nature (including without limitation, court costs, expenses, and attorneys' fees) paid, incurred, or suffered by, or asserted against GREEN DIAMOND, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, or release from SITE, of any Hazardous Materials arising out of, in connection with, or in any manner related to ACTIVITIES or of any actions or omissions of COUNTY. The provisions of this Section shall survive the expiration or termination of this AGREEMENT.

22. **HAZARDOUS MATERIALS: SPILL NOTIFICATION AND RESPONSE**

In the event of a spill or release of Hazardous Materials, COUNTY shall promptly comply with all federal, state, and local spill notification and response requirements. COUNTY shall, at a minimum:

- A. Prevent further spilling or release;
- B. Take appropriate corrective actions to mitigate the spill; and
- C. Specifically comply with federal, state, and local spill notification and reporting requirements, and notify GREEN DIAMOND of any spill event.

COUNTY shall be responsible for the response and restoration costs of any release of Hazardous Materials in connection with this AGREEMENT.

23. **NUCLEAR FREE CLAUSE**

GREEN DIAMOND certifies by its signature below that GREEN DIAMOND is not a nuclear weapons contractor, in that GREEN DIAMOND is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. GREEN DIAMOND agrees to notify COUNTY immediately if they become a nuclear weapons contractor, as defined above. COUNTY may immediately terminate this AGREEMENT if it determines that the foregoing certification is false or if GREEN DIAMOND becomes a nuclear weapons contractor.

24. **ATTORNEYS' FEES**

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this AGREEMENT to be performed or kept, the party prevailing in said

action or proceeding shall be entitled to recover court costs and reasonable attorneys' fees (including reasonable value of services rendered by County Counsel) to be fixed by the court, and such recovery shall include court costs and attorneys' fees (including reasonable value of services rendered by County Counsel) on appeal, if any. As used herein, "the party prevailing" means the party who dismisses an action or proceeding in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.

25. **REAL PROPERTY TAXES**

GREEN DIAMOND shall pay all real property taxes and general and special assessments levied and assessed against the property. Any improvements created by COUNTY, by action of this AGREEMENT that may create any assessments, shall be the responsibility of GREEN DIAMOND.

26. **WAIVER OF BREACH**

The waiver by COUNTY or GREEN DIAMOND of any breach of any provision of this AGREEMENT shall not constitute a continuing waiver of any subsequent breach of the same or a different provision of this AGREEMENT.

27. **BREACH, REMEDY FOR**

In the event of breach of this AGREEMENT by COUNTY or GREEN DIAMOND, COUNTY and/or GREEN DIAMOND shall have all rights and remedies provided by law.

28. **SURRENDER OF PREMISES**

Upon termination of this AGREEMENT, COUNTY shall surrender the premises to GREEN DIAMOND in good condition and repair, except for normal wear and tear. COUNTY shall be under no obligation to repair or restore the whole or any portion of the SITE, which may be damaged by reason of fire, earthquake, the elements, or other casualty.

29. **BINDING EFFECT**

All provisions of this AGREEMENT shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, successors, and assigns.

30. **MISCELLANEOUS PROVISIONS**

A. The ACTIVITIES under this AGREEMENT shall in no way interfere with the land management and logging activities conducted by GREEN DIAMOND, its contractors, or assigns, or use by other counties. COUNTY shall supervise all persons connected with COUNTY under this AGREEMENT to assure that its ACTIVITIES are within the boundaries specified in this AGREEMENT.

B. Sections and sub-headings in this AGREEMENT are for convenience only and shall not be considered part of this AGREEMENT or used in its interpretation.

C. This AGREEMENT may be executed in one or more counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute the same instrument, which may be sufficiently evidenced by one counterpart.

D. If any provision contained herein is declared by a court of competent jurisdiction to be void or unenforceable as written, the parties intend and desire that such provision be enforced and enforceable to the fullest extent permitted by law and that the invalidity or unenforceability of such provision shall not affect the validity or enforceability of the balance of this AGREEMENT.

E. Each of the parties hereto has been or has had the opportunity to be represented, to the extent desired, by legal counsel of its choice in respect to this transaction.

F. Portions of this AGREEMENT are intended to survive any expiration or termination of this AGREEMENT. Accordingly, all provisions hereof which contemplated performance after any such event shall so survive, as shall all indemnity and restoration obligations of COUNTY, and the right to exercise remedies for default.

IN WITNESS WHEREOF, this AGREEMENT has been executed in duplicate by the parties hereto upon the date first above written.

OWNER:

Green Diamond Resource Company

BY ^{DocuSigned by:} Jason Carlson

PRINT ^{C7438FE29CC74FD} Jason Carlson

TITLE Vice President & General Manager
(President, Vice President, or Chair)

~~BY _____~~

~~PRINT _____~~

~~TITLE _____
(Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer)~~

COUNTY:

BY Ree Beth

CHAIRPERSON,
BOARD OF SUPERVISORS,
COUNTY OF HUMBOLDT,
STATE OF CALIFORNIA



EXHIBIT A
BALD HILLS – COYOTE PEAK BORROW AND STOCKPILE SITE

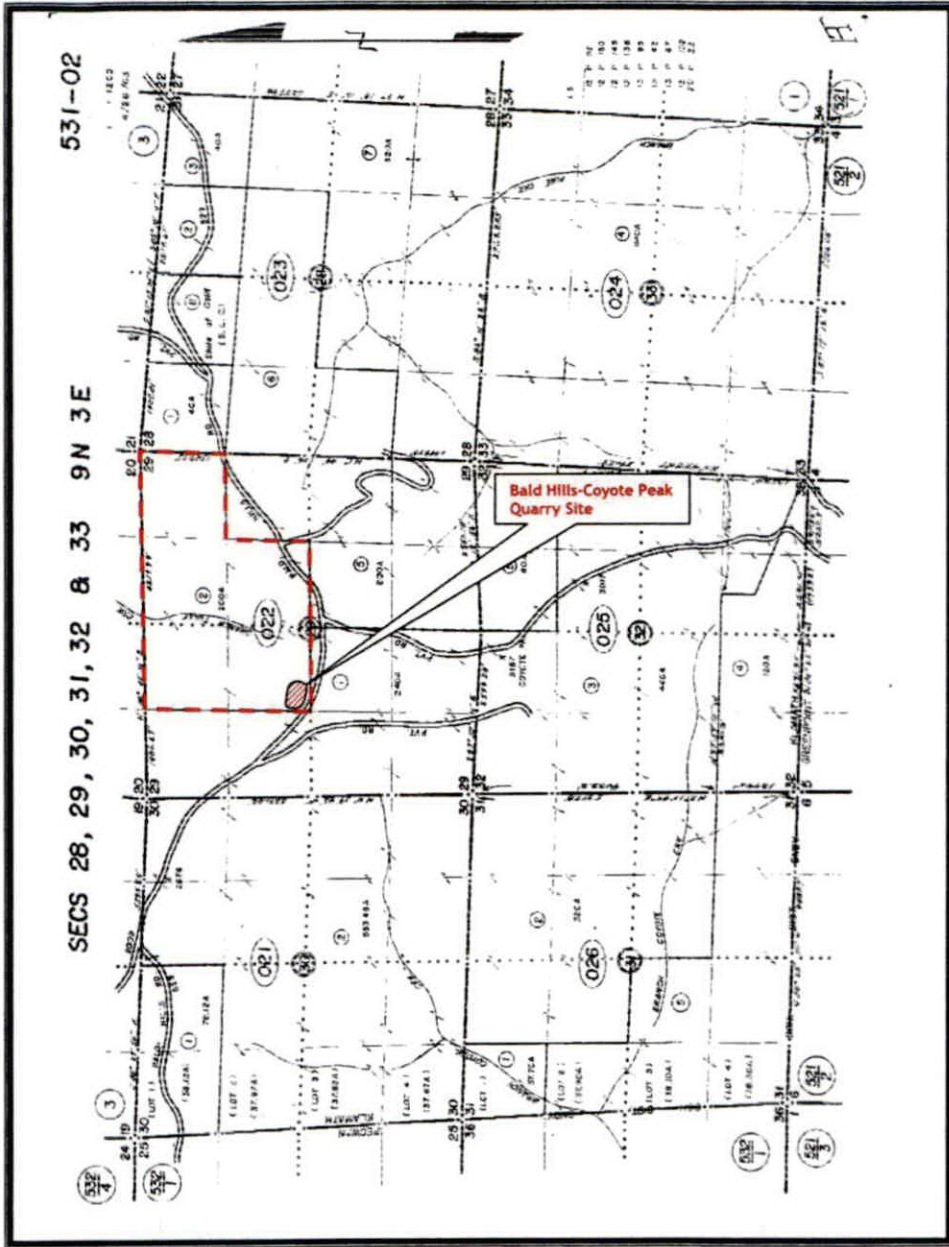


EXHIBIT B
BALD HILLS - COYOTE PEAK BORROW AND STOCKPILE SITE
ASSESSOR'S PARCEL MAP