Sample Coal **Waste Mine Methane Capture Lease Addendum**

United Sates of America

Department of the Interior

Bureau of Land Management Serial Number

**Coal Lease Addendum (insert serial number here)**

Coal Lease (insert serial number here) is hereby amended by this addendum:

PART 1. LEASE RIGHTS GRANTED

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Section 3. Notwithstanding the language in Section 2 of the lease and subject to the terms and conditions below, lessee is authorized to drill for, extract, remove, develop, produce and capture for use or sale any or all of the waste mine methane for the above described lands that it would otherwise be required to vent or discharge for safety purposes by applicable laws and regulations. For purposes of this lease, “waste mine methane” means any combustible methane gas located in, over, under, or adjacent to the coal resources subject to this lease, that will or may infiltrate underground mining operations and that must be vented to protect the health and safety of the mine workers.

Section 4. Notwithstanding any other provision of this lease, nothing herein waives, alters, or amends lessee’s right to vent, discharge or otherwise dispose of waste mine methane as necessary for mine safety or lessee’s obligation to mine the coal deposits consistent with Federal and state law and regulation and with safety requirements contained in permits applicable to underground mining operations subject to this lease. Lessee is not obligated or required to capture for use or sale waste mine methane that would otherwise be vented or discharged if the capture of waste mine methane, independent of the activities related to mining coal, is not economically feasible, or if the waste mine methane must be vented in order to abate the potential hazard to the health or safety of the miners or mining activities. In the event of a dispute between the lessor and the lessee as to the economic or technical feasibility of capturing the waste mine methane for use or sale, lessor’s remedy as a prevailing party is limited to recovery of compensatory royalties on the waste mine methane not captured for use or sale by the lessee. Lessee retains the right to continue all mining activities under the lease, including venting waste mine methane, pending resolution of any dispute regarding the application of the terms of Sections 3 and 4.

PART II. TERMS AND CONDITIONS

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(c) WASTE MINE METHANE OPERATIONS AND ROYALTY – Notwithstanding the language in Part II, Sec.2(a) of this lease, the royalty will be 12.5 percent of the value of any waste mine methane that is captured for use or sale from this lease. For purposes of this lease, the term “capture for use or sale” does not include, and the royalty will not apply to, waste mine methane that is vented, or otherwise discharged and not captured, for the economic feasibility or safety reasons described in Part I, Section 4 of this lease. Lessee will have no obligation to pay royalties on any waste mine methane that is used on or for the benefit of mineral extraction at the (insert mine name here) coal mine. When not inconsistent with any express provision of this lease, this lease is subject to all the rules and regulations related to Federal gas royalty collection in Title 30 of the Code of Federal Regulations now or hereinafter in effect and the lessor’s rules, regulations, notices, and orders related to applicable reporting and gas measurement now or hereinafter in effect.

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SEVERABILITY – In the event any provision of this addendum is subject to a legal challenge or is held to be invalid, unenforceable, or illegal in any respect, the validity, legality, and enforceability of this lease will not in any way be affected or impaired thereby and lessee will retain, in accordance with the terms of this lease, the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the lands described in this lease, including the right to vent or otherwise discharge waste mine methane for safety purposes as required by applicable laws and regulations.

This Coal Lease Addendum is effective as of the date all parties have executed the Addendum.

**(Insert lessee’s name here)** **THE UNITED STATES OF AMERICA**

Name: Name:

Title: Title:

Date: Date: