



ADL 231908

**RIGHT-OF-WAY LEASE
FOR THE
DONLIN PIPELINE**

**BY AND
BETWEEN
THE STATE OF ALASKA
AND
DONLIN GOLD, LLC**

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RIGHT-OF-WAY LEASE FOR THE
DONLIN PIPELINE

This Right-of-Way Lease (hereinafter "Lease") is entered into this 12 day of FEB 2020, (hereinafter "Effective Date"), by the State of Alaska (hereinafter "State"), acting through the Commissioner of the Alaska Department of Natural Resources (hereinafter "Commissioner"), and by Donlin Gold LLC (hereinafter "Lessee").

1. Lease of Right-of-Way

(a) Pursuant to the provisions of AS 38.35, the Alaska Right-of-Way Leasing Act, as amended, and for and in consideration of the annual rental fee described in Section 3 of this Lease and subject to the covenants and conditions contained herein and the Stipulations attached hereto in Exhibit A and incorporated by reference herein, the State hereby grants by Lease to the Lessee, for the duration described in Section 2, a non-exclusive Right-of-Way Lease, only for the purposes described in Subsection (b) of this section, across, through, and upon those State Lands, and those lands now owned or hereafter acquired (hereinafter "Leasehold"), as shown and described in the incorporated alignment and site locations attached hereto as Exhibit B. The width and total acreage of the Leasehold will vary over the term of this Lease as described in Exhibit B.

(b) This Lease is granted for the purpose of conducting Pipeline Activities for a Natural Gas transportation Pipeline in compliance with the terms of this Lease and all applicable State laws and regulations. Lessee shall not use the Right-of-Way or the land subject thereto for any other purpose and shall not locate or construct any other pipelines or other improvements within the Right-of-Way without prior approval.

(c) Except as otherwise provided herein, the Lessee shall not allow any other Person or entity to use the Leasehold for carrying on activities that are not part of the Lessee's authorized operations pursuant to this Lease. Nothing in this subsection is intended to excuse or preclude the Lessee from complying with its obligations under this Lease, or employing agents, employees, or Contractors to effect Pipeline Activities. This Lease is subject to any valid existing rights including rights of third parties and of State entities with authority over the Leasehold.

2. Duration

(a) This Lease shall expire on the 11 day of FEB, 2050, at 12 noon (Alaska Time), unless prior thereto it is released, abandoned, or otherwise terminated pursuant to the provisions of this Lease or any applicable law or regulation.

(b) The Lessee shall give written notice to the Commissioner of its intent to seek renewal of this Lease no later than one (1) year before expiration. The Commissioner shall, upon request of the Lessee, renew the Lease for additional terms of up to thirty (30) years, but not less than ten (10) years each, so long as the Pipeline is in commercial operation and the Lessee is in compliance with:

- (1) all terms of the Lease;

(2) all State, Federal, and local laws, including but not limited to State laws pertaining to regulation and taxation of the Pipeline; and

(3) any agreement(s) between the State and the Lessee pertaining to regulation and taxation of the Pipeline.

(c) The Lessee shall provide, at a minimum, one hundred eighty (180) days' notice to the Commissioner prior to any relinquishment, abandonment or other Termination of this Lease.

(d) Upon the expiration of the Lease term (including any renewal thereof), or upon its earlier forfeiture, relinquishment, abandonment, or other Termination, the provisions of this Lease, to the extent applicable, shall continue in effect and shall be binding on the Lessee, its successors, and assigns, until they have fully performed their respective obligations and liabilities under the Lease. Following the expiration, forfeiture, relinquishment, abandonment, or other Termination of this Lease, upon a Decision that the State's best interest shall be served, the Commissioner shall release the Lessee from all or a portion of such continuing obligations and liabilities, with the exception of those contained in Section 8(p) and Section 9 herein.

3. Rental

(a) The Lessee shall pay to the State annual rental payments in the amount of \$413,833.00. This rental amount shall be adjusted based on a formal appraisal conducted on or before one (1) year after the Effective Date of this Lease.

(b) The annual rental payment is subject to adjustment by the State five (5) years from the Effective Date of the Lease and every fifth Lease Anniversary Date thereafter. The adjusted rental payment shall be based on the appraised fair market rental value of the Leasehold. The adjusted annual rental payment takes effect on the applicable Lease Anniversary Date, regardless of whether the adjustment determination occurs before or after the applicable Lease Anniversary Date.

(c) The initial formal appraisal, and all subsequent reappraisals, shall be carried out by an independent appraiser selected by the Lessee from a list of appraisers provided by the Department of Natural Resources. All costs of the initial formal appraisal, and of all subsequent reappraisals, shall be borne by the Lessee.

(d) To relinquish, abandon, or terminate any right or interest in the Leasehold prior to expiration of this Lease the Lessee shall refer to Section 27 of this Lease. Upon receipt of the Commissioner's approval of all of the requirements under Section 27(e) of this Lease, and for the remainder of the term of this Lease and any subsequent renewals, Lessee shall pay to the State annual rental payments in the amount of the annual fair market rental of the Leasehold based on the appraised fair market rental value of the Leasehold, as amended.

(e) The Lessee's rental obligations described in this section shall survive the expiration, forfeiture, relinquishment, abandonment, or other Termination of this Lease, and shall continue until all of the Lessee's obligations described in Section 27 and Section 28 of this Lease, whichever is applicable, have been approved by the Commissioner.

(f) Any interest in land acquired under the provisions of AS 38.35.130 for the Pipeline shall become part of the Leasehold, and the costs for the acquisition thereof shall be borne by the Lessee. Rental shall not be charged for any land acquired under AS 38.35.130 and conveyed without cost to the State.

4. Payment

(a) The initial rental payment is due and shall be tendered on or before the Effective Date of the Lease. Subsequent rental payments shall be due annually on or before each Lease Anniversary Date.

(b) All payments to the State under this Lease shall be made payable to the State in the manner directed by the State, and unless otherwise specified, shall be tendered to the State at:

Alaska Department of Natural Resources
Attention: Financial Services
550 West 7th Avenue, Suite 1410
Anchorage, Alaska 99501-3561

or, to any other depository designated by the State. If the State changes the designated depository, it shall give at least sixty (60) days' written notice to the Lessee in the manner provided in Section 30 herein.

(c) The Lessee shall pay the fee set forth in 11 AAC 05.030 for any late payment or returned check issued by the Lessee. Interest at the rate set by AS 45.45.010(a) shall be assessed on all past due amounts until payment is tendered to the State.

5. Denial of Warranty

(a) The State makes no representations or warranties, express or implied, as to title to, access to, or quiet enjoyment of the Leasehold. The State is not liable to the Lessee for any deficiency of title to or difficulty in securing access to the Leasehold. The Lessee or any successor in interest to the Lessee is not entitled to any refund of prior rentals paid under this Lease due to deficiency of title.

(b) The State makes no warranty, express or implied, and assumes no liability whatsoever, regarding the social, economic, or environmental aspects of the Leasehold granted herein, including, without limitation, the soil conditions, water drainage, access, natural or artificial hazards that may exist, or the profitability or fitness of the Leasehold granted herein for any use. The Lessee represents that the Lessee has inspected the Leasehold granted herein and determined that the Leasehold is suitable for the use intended, or has voluntarily declined to do so, and accepts the State Lands included in the Leasehold granted herein "as is" and "where is."

6. Reservation of Certain Rights to the State

(a) The State reserves and shall have a continuing and reasonable right of access to any part of the Leasehold (including the subsurface of, and the air space above, such Leasehold) and a continuing and reasonable right of physical entry to any part of the Pipeline, including Federal and private lands, for inspection or monitoring purposes and for any other purpose or reason that is consistent with any right or obligation of the State.

(b) The right of access and entry reserved in Subsection (a) of this section shall extend to and be enjoyed by any Contractor of the State designated by the Commissioner in writing. Such written designation shall be provided to the Lessee. The Commissioner and the Lessee may mutually develop additional procedures to implement this subsection.

(c) The granting of this Lease is subject to the express condition that the exercise of the rights and privileges granted under this Lease will not unduly interfere with the management, administration, or disposal by the State of the land affected by this Lease. The Lessee agrees and consents to the occupancy and use by the State, its grantees, permittees, or other Lessees of any part of the Right-of-Way not actually occupied or required by the Pipeline for the full and safe utilization of the Pipeline, for necessary operations incident to land management, administration, or disposal.

(d) The State reserves the right to grant additional permits, leases, or easements for rights-of-way or other uses to third parties that include lands subject to the Leasehold; provided that such grant shall not unreasonably interfere with the Lessee's rights under this Lease.

(e) This Lease is subject to the reservations set forth in AS 38.05.125 as such statute exists on the Effective Date of this Lease.

7. Access to Navigable and Public Waters

Consistent with applicable State and Federal laws and regulations, the State reserves a public access easement to and along all public or navigable water bodies or waterways that border on or are within the Leasehold on State-owned lands.

8. Covenants of Lessee

The Lessee expressly covenants, in consideration of the rights acquired by it pursuant to this Lease, that:

(a) Lessee will interchange Natural Gas and provide connections with each public utility pipeline, common carrier pipeline, or contract carrier pipeline, and facilities for the interchange of Natural Gas at every locality reached by both pipelines when the necessity exists, as provided in the contracts on file with the Regulatory Commission of Alaska;

(b) Lessee assumes the status of and will perform all of its functions undertaken under the Lease as a contract carrier and, subject to contracts with shippers, will accept, convey, and transport, without discrimination, Natural Gas delivered to it for transportation from fields in the vicinity of the Pipeline subject to the right-of-way lease throughout the pipeline route, both on State Land obtained under the Lease and on other land, and that, subject to contracts with shippers, Lessee will accept, convey, and transport Natural Gas without unjust or unreasonable discrimination in favor of itself or one producer or Person against another, but will take the Natural Gas delivered or offered without unreasonable discrimination;

(c) Lessee will expand the Natural Gas pipeline on commercially reasonable terms that, when possible, encourage exploration and development of gas resources in this state without increasing transportation costs for a shipper except as provided for in the contract with the shipper;

(d) Lessee will not require a shipper to pay a rate in excess of the rates provided for in the contract with that shipper;

(e) Lessee may offer to a shipper firm transportation service, interruptible transportation service, or both;

(f) Lessee may not construct or expand or allow the construction or expansion of a Natural Gas pipeline under AS 38.35.121(a) to be a competing Natural Gas pipeline project for purposes of AS 43.90;

(g) Lessee will maintain and preserve books, accounts, and records and will make those reports that the State may prescribe by regulation or law as necessary and appropriate for the purposes of administering AS 38.35;

(h) Lessee will accord at all reasonable times to the State and its authorized agents and auditors the right of access to its property and records, of inspection of its property, and of examination and copying of records;

(i) Lessee shall, notwithstanding any other provision, provide connections and interchange facilities at State expense at places the State considers necessary if the State determines to take a portion of its royalty or taxes in Natural Gas;

(j) Lessee will construct and operate the Pipeline in accordance with applicable State laws and lawful regulations and orders of the Regulatory Commission of Alaska or its successor with jurisdiction over contract carrier pipelines;

(k) Lessee will, at its own expense, during the term of this Lease

(1) maintain the Leasehold and Pipeline in good repair;

(2) promptly repair or remedy any damage to the Leasehold;

(3) promptly compensate for any damage to or destruction of property for which the Lessee is liable resulting from damage to or destruction of the Leasehold or Pipeline;

(l) As more fully set out in Section 26 of this Lease, Lessee will not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the carrier corporation, its interest in this Lease, or rights under this Lease or a Pipeline subject to this Lease to a Person other than another owner of the Pipeline (including subsidiaries, parents and affiliates of the owners), except to the extent that the Commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing and able to perform the transportation or other acts proposed in a manner that will reasonably protect the lives, property and general welfare of the people of Alaska), authorizes; the Commissioner shall not unreasonably withhold consent to the transfer, assignment, or disposal;

(m) Lessee will file with the Commissioner a written appointment of a named permanent resident of the State of Alaska to be its registered agent in Alaska and to receive service of notices, regulations, Decisions and Orders of the Commissioner; if it fails to appoint an agent for service, service

may be made by posting a copy in the office of the Commissioner, filing a copy of it in the Office of the Lieutenant Governor, and mailing a copy to the Lessee's last known address;

(n) The applicable law of the State of Alaska will be used in resolving questions of interpretation of this Lease;

(o) The granting of this Lease is subject to the express condition that the exercise of the rights and privileges granted under this Lease will not unduly interfere with the management, administration, or disposal by the State of the land affected by this Lease, and that Lessee agrees and consents to the occupancy and use by the State, its grantees, permittees, or other lessees of any part of the Leasehold not actually occupied or required by the Pipeline for the full and safe utilization of the Pipeline, for necessary operations incident to land management, administration, or disposal;

(p) As more fully set out in Section 9 of this Lease, Lessee will be liable to the State for damages or injury incurred by the State caused by the Construction, Operation, or Maintenance of the Pipeline, and Lessee will indemnify the State for liabilities or damages;

(q) Lessee will procure and furnish liability and property damage insurance from a company licensed to do business in the State or furnish other security or undertaking upon the terms and conditions the Commissioner considers necessary if the Commissioner finds that the net assets of the Lessee are insufficient to protect the public from damage for which the Lessee may be liable arising out of the Construction or Operation of the Pipeline.

9. Indemnity

(a) The Lessee assumes all responsibility, risk, and liability for its Pipeline Activities and use of or contact with the Leasehold. The Lessee shall defend, indemnify, and hold harmless the State, its agents and employees, from and against any and all demands, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery or otherwise), fines, judgments, suits, claims, actions, proceedings, losses, costs (including reasonable attorneys' fees and costs), expenses, charges, forfeitures, liens, liabilities, settlements, penalties, and damages of any kind or nature whatsoever, including, but not limited to those alleging personal injury, wrongful death, nuisance property damage, environmental contamination (including any disposal, release, spill or discharge or any threatened disposal, release, spill, or discharge of or contamination by Hazardous Materials), and environmental noncompliance (including the Lessee's failure to provide all information, make all submissions, and take all steps required by the authority under the environmental laws or any other law concerning any spill, discharge, or contamination), arising out of, in connection with, directly or indirectly from, or otherwise incident to, Lessee's Pipeline Activities or use of or contact with the Leasehold, except to the extent the sole legal cause of the injury or damage is the negligence or willful misconduct of the State or anyone acting on the State's behalf.

(b) The State shall tender, and the Lessee shall accept the tender by the State of any such cause of action, lawsuit, or other proceeding brought against the State that is covered by Subsection (a) of this section. Subject to the last sentence in this subsection, any reasonable attorneys' fees or costs incurred by the State prior to such tender of defense shall be the complete and sole responsibility of Lessee, so long as the tender is covered by Subsection (a) of this section. If the State tenders such cause of action, lawsuit, or other proceeding later than twenty (20) days after service on the State, and the

Lessee informs the State that the delay in tendering shall require Lessee to incur additional costs in order to respond in a competent and timely manner, and the State is unable to obtain an extension of time sufficient to provide Lessee with at least one-half of the number of days which the State originally had to respond, then the State shall reimburse Lessee for documented, reasonable costs incurred by the Lessee that are directly related to the delay in tendering and the State shall bear its attorneys' fees and costs prior to the tender.

(c) The obligations of the Lessee to indemnify the State under the terms of this Lease shall survive the transfer, assignment, or other disposition of the Lessee's interest in this Lease as well as the expiration, forfeiture, relinquishment, abandonment, or other Termination of this Lease to the extent the obligation(s) arose during that Lessee's tenure as the leaseholder.

10. Lessee's Contractors, Agents and Employees

(a) Lessee shall require that all of its Contractors conducting Pipeline Activities on the Leasehold:

(1) indemnify the State and extend all its Contractors' indemnities to include the State as an additional named indemnitee;

(2) name the State of Alaska as additional insured on all liability insurance policies maintained under their contracts with Lessee; and

(3) obtain an appropriate waiver of subrogation in favor of the State with respect to all other insurance policies.

(b) Unless clearly inapplicable, the requirements and prohibitions imposed upon the Lessee by this Lease are also imposed upon the company's agents, employees, and Contractors. The Lessee shall ensure compliance with this Lease by its agents, employees, and Contractors.

(c) Any material failure or refusal of the Lessee's agents, employees, or Contractors to comply with the Lease or Stipulations shall be deemed to be the failure or refusal of the Lessee.

11. Guaranty and State as Additional Insured

(a) The Commissioner shall not issue a Notice to Proceed for the Lessee to initiate any Construction under this Lease prior to the Commissioner's receipt from the Lessee of financial assurances meeting all requirements of this section, guaranteeing the performance of all of Lessee's duties and obligations under and by virtue of this Lease.

(b) The guarantor's financial assurances shall be in a form approved by the Commissioner, and shall be in conformance with Lease Exhibit C. If the Commissioner determines at any time that the financial assurances are insufficient to satisfactorily guarantee the performance of all the Lessee's duties, obligations, and potential liabilities under and by virtue of this Lease, the Commissioner may require the substitution and delivery of a supplementary guaranty or other security from Lessee or from a substitute guarantor or insurer, with any provisions the Commissioner reasonably finds necessary.

(c) The Lessee may change the guarantor at any time, provided the Commissioner, in his or her sole discretion, approves the substitution.

(d) Lessee shall submit, on an annual basis, guarantor's annual financial statement and balance sheet, or such financial documentation of any required substitute guarantor, that the Commissioner requests. Lessee may submit such information on a confidential basis in accordance with applicable State Statutes.

(e) As set forth in Section 8(q), the Lessee shall obtain commercially available insurance coverage for the Leasehold and the Lessee's activities in, on or related to the Leasehold. The Lessee shall cause the State to be named as an additional insured on all such insurance policies obtained and maintained by the Lessee, except that such insurance coverage shall not cover or apply where the proximate cause of the injury or damage is the gross negligence or reckless or willful misconduct of the State or anyone acting on behalf of the State. Any commercially available insurance purchased by Lessee under this section shall not be construed to limit in any way the Lessee's liabilities or responsibilities under this Lease.

12. Timely Construction and Operation

Lessee shall begin Construction of the Pipeline within five (5) years of the effective date of this Lease and shall begin operation of the Pipeline as a contract carrier within eight (8) years of the effective date of this Lease unless otherwise approved through a Decision.

13. Conduct of Operations

(a) The Lessee shall perform all Pipeline Activities under this Lease in a lawful, prudent, and skillful manner in compliance with the terms and conditions of this Lease, its incorporated exhibits and all required permits.

(b) The Lessee shall prevent or abate, as completely as practicable, any physical or mechanical procedure, activity, event or condition:

- (1) that arises out of, or could adversely affect, Pipeline Activities; and
- (2) that causes or threatens to cause
 - i) a hazard to the safety of workers or to the public health or safety (including but not limited to personal injury or loss of life with respect to any Person(s)); or
 - ii) immediate, serious, or irreparable harm or damage to the environment (including but not limited to water and air quality, areas of vegetation, fish or other wildlife populations or their habitats, or any other natural resource).

14. Protection of Private and Public Property Interests

The Lessee shall provide reasonable protection to public or private improvements on State Land, which may be adversely affected by Pipeline Activities. If the Commissioner determines that the Lessee

has caused damage to such public or private improvements, and if the owner of such improvements so requires, then the Lessee shall promptly repair or reimburse the owner for reasonable costs in repairing such improvements to a condition that is reasonably satisfactory to the owner, but which does not exceed the improvements' condition prior to damage. This section does not limit in any way the legal or equitable remedies that may be available to a public or private owner of improvements on State Land.

15. Use of Previously Disturbed Lands

(a) The Commissioner and the Lessee agree that, where possible, the use of previously disturbed lands is desired to reduce impacts to the environment. Both parties recognize that certain sites authorized for use under the Lease may contain releases or threatened releases of Hazardous Substances that are the result of activities prior to the use of such sites by the Lessee. For the purposes of this section, the term "Site" shall mean a specific area of the Leasehold selected for a particular operation or use by the Lessee in accordance with the terms of this Lease, and the term "Existing Contamination" shall mean Hazardous Substances present at the Site prior to Lessee's initial Field Activity on the Site.

(b) The Lessee, the Department of Natural Resources, and the Department of Environmental Conservation may enter into good faith negotiations to reach an agreement that will limit Lessee's liability for Existing Contamination. That agreement may contain additional conditions governing Lessee's activity on Sites where Existing Contamination may be present and/or provide for alternate Site selection in the event that Existing Contamination makes use of a Site undesirable to the Lessee.

16. Taxes and Liens on Leasehold

(a) During the term of this Lease, Lessee shall pay any and all real property taxes, assessments, and similar charges levied by the State, any municipality, or any other governmental entity upon the interest in the Leasehold granted to Lessee by this Lease, subject to any rights Lessee may have to appeal or protest such taxes, assessments, or charges. In no event shall Lessee permit or allow its interest in the Leasehold granted by this Lease to be lost or the State's title to the Leasehold to be clouded or encumbered as a result of the nonpayment of any such taxes, assessments, or charges.

(b) During the term of this lease, Lessee shall pay for all labor and services performed upon or materials furnished to the Leasehold by, for, or at the request of Lessee. Lessee shall keep its interest in the Leasehold granted by this lease and the State's title to and interest in the Leasehold free and clear of any and all liens, including but not limited to, mechanic's, mining, labor, or materialmen's liens, arising out of or resulting from the performance of labor or services upon or the furnishing of materials to the Leasehold by, for, or at the request of the Lessee, except those liens arising by operation of law for which payment is not yet due. Lessee shall have the right to contest, in the courts or otherwise, the validity or amount of any such lien that may be filed. The Lessee shall post and record notices of non-responsibility for the benefit of the State pursuant to AS 34.35.065 and AS 34.35.150 and any other similar applicable laws.

(c) During the term of this Lease, the Lessee shall not allow the State's title to or interest in the Leasehold to be encumbered by any judgments entered by a court of law against Lessee or Lessee's Contractors. If a lis pendens is filed arising from pending or actual litigation against Lessee or its Contractors that encumbers or purports to encumber the State's title to or interest in any lands within the Leasehold, Lessee shall diligently and with best efforts seek to effect immediate removal of that lis pendens.

17. Permits

The Lessee shall obtain all required Federal, State, and municipal permits and other authorizations for a particular activity prior to that activity taking place. The Lessee shall maintain those permits and authorizations in good standing for so long as they are required for activities conducted pursuant to rights granted under this Lease.

18. Orders by the Commissioner

(a) The Commissioner may issue any Order necessary to enforce or implement any provision of this Lease.

(b) All Orders of the Commissioner shall be in writing; however, if in the judgment of the Commissioner there is an emergency that necessitates the immediate issuance of an Order, such Order may be given orally with subsequent confirmation in writing as soon as possible thereafter, but not later than seventy-two (72) hours.

(c) The Lessee shall comply with all lawful Orders directed to the Lessee by the Commissioner or by any duly authorized representative.

19. Information

The Commissioner may order the Lessee at any time to furnish information related to Pipeline Activities. If the Lessee desires that records submitted to the State be kept confidential, the Lessee shall submit a request for confidentiality in writing to the Commissioner along with the statutory basis for its claim of confidentiality. The Commissioner shall retain records as confidential to the extent consistent with the Commissioner's authority to do so under applicable State statutes.

20. Right of the State to Perform

(a) The Lessee shall carry out, at the Lessee's expense, all lawful and reasonable Orders and Decisions of the State relative to the Lessee's occupation and use of the Leasehold within a reasonable time period under the circumstances. If, after thirty (30) days following the making of a demand by the Commissioner in the manner that is provided in this Lease, the Lessee, or its respective agents, employees, or Contractors, shall fail or refuse to perform any action required by this Lease or by the Commissioner under this Lease, the State shall have the right, but not the obligation, to enter the Leasehold and at the Lessee's expense, consistent with all applicable State and Federal laws and regulations, perform any or all of the following:

- (1) repair damage;
- (2) prevent imminent harm to workers;
- (3) protect public health or safety; and
- (4) prevent immediate, serious or irreparable harm or damage to the environment.

(b) The Commissioner shall submit to the Lessee a statement of the expenses reasonably incurred by the State of any required action taken pursuant to this section. The Lessee shall pay the amount shown within thirty (30) days of receipt of the statement.

21. Modification

The Commissioner may Order the Lessee to make such practicable modification of the Pipeline as the Commissioner determines is necessary to:

- (a) protect or maintain stability of the foundation and other earth materials;
- (b) protect or maintain integrity of the Pipeline;
- (c) control or prevent significant damage to the environment (including but not limited to water and air quality, areas of vegetation, fish or other wildlife populations or their habitats, or any other natural resource); or
- (d) remove hazards to public health and safety, including the activities of Lessee's agents, employees, and Contractors.

22. Temporary Suspension

(a) The Commissioner may, consistent with applicable State and Federal law, order the temporary suspension of any or all Pipeline Activities, if:

- (1) an immediate temporary suspension of the activity or the activities is necessary to protect:
 - i) public health or safety (including but not limited to personal injury or loss of life with respect to any Person(s)); or
 - ii) the environment from immediate, serious, or irreparable harm or damage (including but not limited to harm or damage to soil, sediments, water and air quality, areas of vegetation, fish or other wildlife population or their habitats, or any other natural resource); or
- (2) the Lessee, its agents, employees, or Contractors are failing or refusing, or have failed or refused to comply with or observe:
 - i) any provision of this Lease intended to protect public health, safety, or the environment; or
 - ii) any Order of the Commissioner implementing any provision of this Lease or any Decision by the Commissioner in connection with all or any part of the Pipeline.

(b) A temporary suspension Order shall specify:

- (1) the specific location and activities that shall be stopped;
- (2) the reason for the issuance of the Order, including a description of the immediate, serious, or irreparable harm that is pending or taking place;
- (3) any Decision affected by the Order;
- (4) the name of the Person issuing the Order;
- (5) the name of the Lessee's representative to whom the Order is issued; and
- (6) the time and date of the Order.

(c) When a temporary suspension Order is issued by a delegate of the Commissioner other than the Pipeline Coordinator a copy of the written delegation of authority from the Commissioner shall accompany the Order. A copy of the temporary suspension Order shall be provided to the Lessee in a manner specified by Section 30 herein.

(d) A temporary suspension Order is effective as of the date and time given, unless it specifies otherwise and shall remain in full force and effect until modified or revoked through a subsequent Order or Decision, whichever is appropriate.

(e) If the Commissioner finds that an emergency exists, a temporary suspension Order may be given orally to the Lessee or a Field Representative of Lessee. If an oral temporary suspension order is given, a written Order consistent with the requirements of Subsection (b) shall be issued as soon as possible but no later than seventy-two (72) hours after the oral order is given. An oral temporary suspension order that is not confirmed with a written Order within the specified time is vacated.

(f) To the extent practicable, the Commissioner shall give the Lessee prior notice of any temporary suspension Order. If circumstances permit, the Commissioner shall discuss with the Lessee, before issuing the Order, measures that would:

- (1) immediately abate or avoid the harm or threatened harm that is the reason for the issuance of the Order; or
- (2) effect compliance with the provisions of the Order, whichever is applicable.

(g) After a temporary suspension Order has been given by the Commissioner, the Lessee shall promptly comply with all of the provisions of the Order and shall not resume any activity suspended or curtailed thereby except as provided in this Lease, a subsequent Order, or a court order.

(h) When the Commissioner is satisfied that:

- (1) the harm or threatened harm has been abated or remedied,

(2) the Lessee has effected, or is ready, willing, and able to effect, compliance with the provisions of the temporary suspension Order, or

(3) the Lessee has implemented, or is ready, willing, and able to implement, mitigating, corrective, or alternative measures approved by the Commissioner, the Commissioner shall promptly authorize in writing the resumption of the suspended activity or activities. The Commissioner shall render a Decision within three (3) days of the date that the request from the Lessee to resume suspended activities is received by the Commissioner.

(i) Without limiting any other rights available under 11 AAC 02 or any other law, the Lessee may:

(1) appeal directly to the Commissioner for review of any temporary suspension Order issued by a Commissioner's delegate under this section; or

(2) request reconsideration from the Commissioner of:

i) any temporary suspension Order issued by the Commissioner; or

ii) any Decision by the Commissioner of a request for resumption of activities suspended under a temporary suspension Order.

(j) The Lessee shall file with the Commissioner a notice of appeal or a request for reconsideration brought pursuant to this subsection within ten (10) days after the effective date of the Order or Decision being appealed or being asked to be reconsidered. The notice must clearly state the Order or Decision being appealed or being asked to be reconsidered and must contain a statement of facts and points of law the Lessee wishes to present to justify modification or reversal of the Order or Decision. All statements of fact must be under oath.

(k) The Commissioner shall decide an appeal or a request for reconsideration within ten (10) days from the date the Commissioner received the notice of appeal or request for reconsideration from the Lessee. If the Commissioner does not render a Decision within that time, the appeal or request for reconsideration shall be considered to have been denied by the Commissioner, and that denial shall constitute a final decision appealable in accordance with the rules of the court, and to the extent permitted by applicable law.

23. Commissioner's Decisions

(a) Except as set forth in Subsection (b) of this section, any Decision of the Commissioner as to any matter arising out of this Lease shall constitute the final agency decision appealable in accordance with the law and rules of the court.

The absence of a Decision on any plan, design, specification, or other document that may be filed by the Lessee with the Commissioner shall not represent in any way whatsoever any assent to, approval of, or concurrence in such plan, design, specification, or other document, or any action proposed therein. A Decision will remain in effect unless, and until, a new Decision or Order is provided to Lessee on the same subject.

(b) Decisions of a Commissioner's delegate shall not constitute final agency decisions and are subject to the procedures for appeal and reconsideration as set forth in 11 AAC 02, except as otherwise provided in Section 22(i).

24. Reimbursement of State Expenses

(a) Lessee shall reimburse the State for all reasonable costs incurred by the State in the oversight of Pipeline Activities in compliance with AS 38.35.140. The Commissioner shall administer this Lease to reasonably assure that unnecessary employment of personnel and needless expenditure of funds by the State are avoided. The Commissioner shall provide Lessee with an annual estimate of the projected costs and scope of the work.

(b) Reimbursement provided for in this section shall be made for each quarter ending on the last day of March, June, September, and December. On or before the ninetieth (90th) day after the close of each quarter, the Commissioner shall submit to the Lessee a written statement describing any reimbursable costs incurred by the State during that quarter. This statement may be supplemented within ninety (90) days after the end of a fiscal year for costs incurred in the State's fiscal year but which, because of reasonable mistake, inadvertence, or unavailability, were not previously submitted. The State shall submit invoices to Lessee in accordance with Section 30.

(c) The Lessee shall pay to the State the total amount shown on each statement submitted under Subsection (b), within thirty (30) days of receipt. If the Lessee disputes any item of a statement for reimbursement, the Lessee shall, on or before the date on which the statement is due and payable, deliver to the Commissioner written notice of each item that is disputed, accompanied by a detailed explanation of its objection. The Commissioner shall provide a Decision regarding the Lessee's objections within thirty (30) days of receipt of the Lessee's objections, and any items determined by the Commissioner to have been in error, improper, unnecessary, or needless shall be reimbursed within thirty (30) days after the date of the Commissioner's Decision.

(d) The Lessee may conduct, at its own expense, and by auditors or accountants designated by the Lessee, reasonable audits of the books, records, and documents of the State relating to a statement submitted under Subsection (b) of this section, at the places where such books, records and documents are usually maintained and at reasonable times. Written notice of intent to conduct an audit shall be given to the Commissioner:

(1) at least fifteen (15) days prior to the audit and

(2) not later than the one hundred eightieth (180th) day after the date that the State submits the statement, or supplemental statement, as applicable, under Subsection (b) of this section.

(e) An audit under this subsection shall be completed within one hundred eighty (180) days after receipt by the Commissioner of the notice of intent to conduct an audit; provided, however, that if the Commissioner fails to provide the Lessee with reasonably timely access to the relevant books, records, and documents necessary to complete the audit, such period shall be extended by an appropriate number of days to be mutually agreed to in writing by the Commissioner and the Lessee. The Lessee may present the results of an audit to the Commissioner in a written notice requesting a timely review by the

Commissioner of errors, omissions, or discrepancies noted in the audit, including unnecessary employment of personnel or needless expenditures of funds. The Commissioner shall meet with the Lessee within thirty (30) days of receipt of the notice of results of the audit to discuss and attempt to resolve all items listed in the notice of results. The Commissioner shall promptly provide a Decision to the Lessee setting forth the results of the meeting between the Lessee and the Commissioner. Any items previously reimbursed to the State but found during the audit and concurred in by the Commissioner in the Decision setting forth the results of the meeting to have been in error, improper, unnecessary, or needless shall be reimbursed within thirty (30) days after the date of the Commissioner's Decision.

(f) Nothing herein requires the State to maintain books, records, or documents other than those usually maintained by it, provided such books, records, and documents reasonably segregate and identify the costs for which reimbursement is required by this section. Such books, records and documents shall be preserved for a period of at least two (2) years after the Commissioner submits a statement for reimbursement based on such books, records, and documents. The Lessee and auditors or accountants designated by the Lessee shall be given reasonable access to, and the right to copy, at the Lessee's expense, all such books, records, and documents.

25. Liability of the State

The Lessee agrees that neither the State nor any of its officials, employees, agents, or Contractors shall be liable for money damages for any loss caused to the Lessee, its agents or Contractors, by reason of decisions made in respect to the application and administration of this Lease; provided, however, this section does not excuse the State, its officials, employees, agents, or Contractors from liability for damages or injuries resulting from acts (or omissions) of the State officials, employees, agents or Contractors that are unlawful, negligent, grossly negligent, reckless, or willful.

26. Transfer, Assignment, or Other Disposition

(a) The State may convey all or a portion of its ownership of the Leasehold at any time to any entity allowed by law. Any conveyance, transfer, or other disposition, subsequent to the execution of this Lease, of any right, title, or interest in any of the Leasehold shall be subject to this Lease and the Lessee's rights hereunder, including the Lessee's right to renew the Lease under Section 2(b) herein.

(b) As set forth in Section 8(l) herein, the Lessee may request to assign, sublease, or transfer this Lease, or any interest in or rights under this Lease to a Person other than another owner of the Pipeline. The Commissioner will consider the protection of the public interest and determine in an AS 38.35.100 finding if the potential assignee, sublessee, or transferee is fit, willing, and able to perform the transportation or other act(s) proposed by the Lessee.

(c) In making the determination whether the proposed transferee is fit, willing, and able, the Commissioner shall not consider the existence of the guaranty by the guarantor, unless specifically requested by the Lessee in the Lessee's request for transfer or assignment. If the Commissioner determines that a guaranty or other security is required to guarantee the performance of all of the duties, obligations, and potential liabilities under and by virtue of this Lease by the proposed assignee, transferee, or other receiving party, the proposed assignee, transferee, or other receiving party shall secure a guaranty or other security satisfactory to the Commissioner, in substantially such form as the Commissioner required from the Lessee under Section 11 of this Lease, as a condition to the Commissioner's approval of the transfer, assignment, or other disposal.

27. Release of Interests

(a) In connection with the relinquishment, abandonment or other Termination before the expiration of this Lease, of any right or interest in the Leasehold, or in the use of all or any part of the Leasehold, the Lessee shall promptly execute and deliver to the State, through the Commissioner, a valid instrument of release in recordable form, which must be executed and acknowledged with the same formalities as a deed. The instrument of release must contain, among other things, appropriate recitals, a description of the pertinent rights and interests, and for the benefit of the State and its grantees or assigns, express representations and warranties by the Lessee that it is the sole owner and holder of the Lease rights or interests described therein and that such Lease rights or interests are free and clear of all liens, equities or claims of any kind, except for such liens, equities or claims that arose before the Effective Date of this Lease. The form and substantive content of each instrument of release must be approved by the Commissioner, but except as otherwise provided for in this subsection; in no event shall any such instrument operate to increase the then-existing liabilities and obligations of the Lessee furnishing the release.

(b) A release under this section shall be accompanied by such resolutions and certifications as the Commissioner may require, including the power or the authority of the Lessee, or of any officer or agent acting on its behalf, to execute, acknowledge or deliver the release.

(c) Notwithstanding any language or provision in the release that operates or could operate to the contrary, neither the tender, nor approval and acceptance, of any such release shall operate as an estoppel or waiver of any claim or judgment against the Lessee or as a relief or discharge, in whole or in part, of the Lessee from any of its then existing liabilities or obligations that accrued during that Lessee's tenure as the leaseholder.

(d) Lessee may request to relinquish to the State at any time any or all of the Leasehold that the Lessee determines is no longer necessary for the Lessee's Pipeline Activities by filing a release as provided for above. The release shall be effective as of the date the release is approved by the Commissioner, subject to the continued obligations of the Lessee to fulfill all obligations and resolve all liabilities that arose under this Lease during that Lessee's tenure as the leaseholder.

(e) No later than one year following the date that Natural Gas is first transported through the Pipeline, or following any subsequent requests for release of interest, the Lessee shall:

(1) provide a final survey, approved by the Commissioner, showing the final As-Built location of the completed Leasehold pursuant to survey instructions issued by the Department of Natural Resources; and

(2) execute and deliver to the State, for the Commissioner's approval, a release of interest for all of Lessee's interests in the Leasehold other than the Operation and Maintenance Right-of-Way as depicted in the final As-Built required under Subsection (e)(1) of this section.

(f) The State shall have ninety (90) calendar days after approval of a release of interest required by Subsection (e)(2) of this section to record the survey and reduce the rental amount as set forth in Section 3 for that year and all subsequent years by the same proportion as the released acreage bears to the original Lease acreage.

28. Default, Remedies, and Forfeiture

(a) Failure of the Lessee to substantially comply with the terms of this lease shall be grounds for forfeiture of the right-of-way interest of the Lessee in an action brought by the Commissioner in the Superior Court. Before the commencement of any action for forfeiture of an interest in the right-of-way under this section, the Commissioner shall give the Lessee notice in writing of the alleged default and shall not commence the proceeding unless the Lessee has failed to initiate good faith efforts to cure the default within sixty (60) days of the notice of the alleged default or fails to diligently continue the same until cured.

(b) No items on the Leasehold, including but not limited to, improvements, structures, machinery, equipment, tools, or materials, may be removed from it by the Lessee while the Lessee is in default except with the Commissioner's prior approval.

(c) Upon forfeiture of the interest of the Lessee in this lease by a court of competent jurisdiction:

(1) The State shall have an immediate right to possession of the Leasehold and to all items found thereon, including but not limited to, improvements, structures, machinery, equipment, tools, materials, and any possession by the Lessee shall be unlawful. Subject to the State's best interests, the Commissioner shall order the disposition of all such improvements, structures, machinery, equipment, tools, materials, and any other item on the Leasehold. The Commissioner's options with respect to any disposition under this subsection include, but are not limited to: sale, transfer, lease, auction, destruction, repair and abandonment, and removal. The Commissioner may order the Lessee to perform disposition work required under this subsection. The Lessee is responsible for all disposition costs incurred by the State under this subsection.

(2) The Lessee shall be obligated to restore, rehabilitate, and revegetate the Leasehold to the condition ordered by the Commissioner.

(d) The Commissioner shall have up to one year following entry of judgment of forfeiture by a court of competent jurisdiction to issue his or her disposition Order(s) under Subsection (c).

(e) In the event of a forfeiture of this lease under Subsection (c), the Lessee shall be liable for any obligations due and payable and for all costs, expenses, and fees incurred by the State arising out of the State's efforts to grant a new right-of-way lease for this Leasehold.

(f) After forfeiture, any new right-of-way lease for the Leasehold will have no effect on the Lessee's continuing rights and obligations under this Lease.

29. Lessee's Obligations upon Termination Not Resulting from Forfeiture

(a) This section shall apply to all terminations of this Lease, whether from expiration, relinquishment, abandonment or otherwise, with the exception of a forfeiture under Section 28.

(b) The deadlines provided for in this section apply only when the Lessee has provided the one-hundred and eighty (180) days' notice required by Section 2(c) of this Lease. If the Lessee fails to

provide the notice required by Section 2(c), the Commissioner may reasonably alter the deadlines in this section.

(c) Prior to the expiration, relinquishment, abandonment, or Termination of this Lease, the Commissioner shall determine whether a public interest exists that requires that all or a portion of the Pipeline be left in place following the expiration, relinquishment, abandonment, or Termination of this Lease. The Commissioner's Decision shall:

(1) describe which components of the Pipeline, if any, shall remain on the Leasehold following the expiration, relinquishment, abandonment, or Termination of this Lease, and,

(2) resolve issues pertaining to title to such components of the Pipeline.

(d) No later than sixty (60) days after receipt of the Commissioner's Decision under Subsection (c), the Lessee shall submit the following to the Commissioner for the Commissioner's approval:

(1) A plan for the removal of all items found on the Leasehold, including but not limited to, improvements, structures, machinery, equipment, tools, and materials, but excluding those components of the Pipeline described in the Commissioner's Decision under Subsection (c); and

(2) A plan to restore and revegetate the Leasehold.

(e) The Commissioner shall set a reasonable time, which may be extended, during which the Lessee shall implement the plans in Subsection (d). The Lessee shall be responsible for all costs of implementation of the plans required by this section.

(f) Following completion of the time period for plan implementation under Subsection (e) and any extensions, the Commissioner shall Order the disposition of all improvements, structures, machinery, equipment, tools, and materials, if any, that the Lessee failed to remove. The Commissioner's options with respect to any disposition under this subsection include, but are not limited to: sale, transfer, lease, auction, destruction, repair and abandonment in place, retention in State ownership for a public or State use, and removal. The Commissioner may Order the Lessee to perform disposition work required under this subsection. The Lessee is responsible for all disposition costs incurred by the State under this subsection.

(g) If the Lessee fails to submit or fully implement the plans required by this section, the State's options include any of the following:

(1) The Commissioner may order the Lessee to submit and fully implement the plans required by this subsection.

(2) The Commissioner may develop the plans required under this section and order the Lessee to fully implement them. The Lessee shall be responsible for all costs incurred by the State in developing such plans.

(3) The State may complete the required work under such plans. The Lessee shall be responsible for all costs incurred by the State for such work.

(h) In the event the Commissioner makes a Decision under Subsection (c) that all or a portion of the Pipeline shall remain on the Leasehold following the expiration, relinquishment, abandonment, or Termination of this Lease, then Lessee shall be released from all future obligation or liability for the portion of the Pipeline the Commissioner determined shall remain on the Leasehold, including but not limited to abandonment or removal liability, and from any obligation to restore and revegetate the Leasehold after completion of the plan approved under Subsection (c) herein. Upon release, the State or its assignee shall immediately assume all responsibility and obligation for the Pipeline or any part thereof remaining on the State Lands formerly subject to this Lease. Such release shall not discharge Lessee from performance of obligations and other liabilities that arose during that Lessee's tenure as the leaseholder and that accrued prior to the expiration, relinquishment, abandonment, or Termination of this Lease.

30. Correspondence

(a) Any notice or request by the Lessee to the State shall be made in writing and must be given by hand delivery, by email or facsimile during normal business hours, or by registered or certified mail, postage paid, return receipt requested, addressed as follows:

DNR Division of Oil and Gas
State Pipeline Coordinator's Section
3651 Penland Parkway
Anchorage, Alaska 99508
Facsimile Number: (907) 269-6880
Email: DNR.PCO.Records@alaska.gov

(b) Delivery to the State occurs:

(1) if by hand delivery, email, or facsimile, when received by the addressee, or

(2) if by registered or certified mail, when the notice or request is signed for by the State or the State's agent.

(c) Except as provided for in Section 22 of this Lease, any Order, Decision, notice, or other document by the Commissioner to the Lessee shall be made in writing and shall be given by hand delivery, by email, or by facsimile during normal business hours with the original to follow in the mail, or by registered or certified mail, postage paid, return receipt requested, and addressed as follows:

Donlin Gold LLC
2525 C Street, Suite 450
Anchorage, AK 99503
Attention: General Manager

(d) Delivery to the Lessee occurs:

(1) if by hand delivery, email, or facsimile, when received by the addressee, or

(2) if by registered or certified mail, when the notice or demand is signed for by the Lessee or Lessee's agent.

(e) Other correspondence may be made by email, mail, or by hand delivery, or by facsimile during normal business hours with original to follow in the mail.

(f) The Commissioner or Lessee, by written notice to the other, may change the office address to which written notices, Orders, or other written communications may be addressed and delivered thereafter, subject, to the provisions of this Lease.

31. Authorized Representatives

(a) The Pipeline Coordinator and the Person executing this Lease on behalf of the Lessee shall be the authorized representatives for their respective principals for the purposes of administering this Lease. This authorized representative is in addition to the registered agent required to be appointed pursuant to Section 8(m) herein. The State or the Lessee may change the designation of its authorized representative or the address to which notices to that representative are to be sent by a notice given in accordance with Section 30 of this Lease.

(b) The Lessee shall maintain a sufficient number of duly authorized Field Representatives to allow prompt delivery to the Lessee of all notices, Orders, and other communications, written or oral, of the Pipeline Coordinator. At least one Field Representative must be available at all times in the State. The Lessee shall notify the Pipeline Coordinator of each duly authorized Field Representative. The Lessee shall consult with the Pipeline Coordinator regarding the number and location of such representatives.

(c) No Order or notice given to the Lessee shall be effective unless prior written notice of the delegation of authority to issue such Order or notice has been given to the Lessee.

32. Waiver not Continuing

The waiver by the State of any breach of any provision of this Lease, whether express or implied, shall not be construed to be a continuing waiver or a waiver of, or consent to, any subsequent or prior breach by the Lessee. The waiver by the Lessee of any breach of any provision of this Lease, whether express or implied, shall not be construed to be a continuing waiver or a waiver of, or consent to, any subsequent or prior breach by the State.

33. No Third-Party Beneficiaries

The parties to this Lease do not intend to create any rights under this Lease that may be enforced by third parties for their own benefit or for the benefit of others.

34. Local Hire

The Lessee shall, during Pipeline Activities, comply with, and require its Contractors to comply with, applicable and valid laws and regulations regarding the hiring of residents of the State then in effect or that take effect subsequently.

Furthermore, the Lessee is encouraged to hire and employ local and Alaska residents and companies, to the extent they are available and qualified, for work performed on the Leasehold. The Lessee is also encouraged to coordinate with employment services offered by the State of Alaska and local communities to employ apprentices to perform work in the Leasehold and to recruit employees from local communities.

35. Nondiscrimination

The Lessee and its Contractors may not discriminate against any employee or applicant for employment because of race, religion, marital status, pregnancy, parenthood, physical handicap, color, sex, age, or national origin as set out in AS 18.80.220. The Lessee and its Contractors, on beginning any Pipeline Activities, must post in a conspicuous place notices setting out this nondiscrimination provision.

36. Rights and Remedies Cumulative

No right or remedy conferred by this Lease upon or reserved to the State or the Lessee is intended to be exclusive of any other right or remedy provided for by this Lease or by law, and each and every right and remedy set forth herein shall be cumulative.

37. Authority to Enter into Lease

The Lessee represents and warrants to the State that:

(a) It is authorized and empowered under the applicable laws of the State and its jurisdiction of formation to enter into and perform this Lease in accordance with the Lease and its provisions;

(b) The Lessee has approved and authorized the execution, delivery and performance of this Lease insofar as it pertains to the obligations of the Lessee;

(c) All action that may be necessary to the approval, execution, and delivery of this Lease by the Lessee, has been taken; and

(d) All of the required and necessary approvals, authorizations, and actions are in effect at the time of the execution and delivery of the Lease.

38. Delegation of Authority

The Commissioner may make delegations of authority and changes to delegations of authority to administer all or a portion of the provisions of this Lease, consistent with AS 38.35.210, at any time. The Commissioner shall notify Lessee in writing of any such delegation of authority or change in delegation of authority that affects this Lease.

39. Interpretation of Lease

(a) Any interpretation of this Lease shall take into account the parties' intent and understanding that the protection and preservation of the Leasehold's environment are high priorities, and the nature of the environment, including permafrost and seismic areas, shall require special consideration and a high degree of care.

(b) The parties acknowledge that this Lease is an "arm's length" agreement, and that each party has had an adequate opportunity to consult with counsel, and has consulted with counsel with respect to this Lease. The parties agree that ambiguities in this Lease shall not be construed either for or against any party.

(c) The language of the terms and conditions of any other pipeline lease may not be used to assist in resolving any disputes arising from the interpretation of this Lease.

(d) This Lease is to be interpreted in accordance with the rules applicable to the interpretation of contracts made in the State of Alaska. The State and the Lessee expressly agree that the law of the State of Alaska will apply in any judicial proceeding affecting this Lease.

40. Compliance with Law and Regulation

This Lease is subject to all applicable State and Federal statutes and regulations in effect on the Effective Date of this Lease, and insofar as is constitutionally permissible, to all statutes and regulations placed in effect after the Effective Date of this lease. A reference to a statute or regulation in this Lease includes any change in that statute or regulation whether by amendment, repeal and replacement, or other means. This Lease does not limit the power of the State of Alaska or the United States of America to enact and enforce legislation or to promulgate and enforce regulations affecting, directly or indirectly, the activities of the Lessee or its agents in connection with this Lease or the value of the interest held under this Lease. In case of conflicting provisions, statutes and regulations take precedence over this Lease.

41. Venue

The venue for any appeal or civil action relating to this Lease shall be in the Third Judicial District, State of Alaska.

42. Recording

Upon execution, acknowledgment, and delivery of this Lease, the State Pipeline Coordinator's Section will record this Lease, and any subsequent amendments, in the affected recording districts.

43. Severability

If it is finally determined in any judicial proceeding that any provision of this Lease is invalid, the State and the Lessee may jointly agree by a written amendment to this Lease that, in consideration of the provisions in that written amendment, the invalid portion will be treated as severed from this Lease and that the remainder of this Lease, as amended, will remain in effect.

44. Amendments in Writing

No amendment to this Lease is effective until agreed to in writing by the parties.

45. Exhibits

The following exhibits are attached to this Lease and are, by this reference, incorporated into this Lease as if they were set out in their entirety:

- (a) Stipulations for this Lease attached hereto as Exhibit A, pursuant to AS 38.35.120(c) and (d);
- (b) A description of the land included in the Leasehold attached as Exhibit B;
- (c) Financial Assurance Agreement attached as Exhibit C; and
- (d) Definitions attached as Exhibit D.

46. Merger Clause

This Lease, including all exhibits hereto, contains the entire agreement between the parties, and is binding upon the parties.

47. Section Headings

The section headings in this Lease are for convenience only and have no other significance.

48. Definition of Terms

Terms having specific meaning in regards to this Lease and incorporated documents are indicated by capitalization. These definitions are incorporated into this Lease and can be found attached as Exhibit D. In the absence of a definition in Exhibit D terms shall be defined in accordance with definitions found in any applicable State statute or regulation, and otherwise in accordance with common usage.

IN WITNESS WHEREOF, the parties have executed this lease as of the date first above written.

STATE OF ALASKA

By: 

Corri A. Feige
Commissioner
Department of Natural Resources

Donlin Gold, LLC

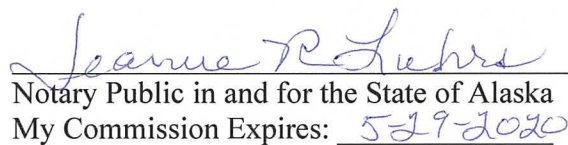
By: 

Andy Cole
General Manager
Donlin Gold, LLC

Third Judicial District)

THIS IS TO CERTIFY that on this 12 day of February, 2020,
before me personally appeared Andy Cole, the General
Manager for Donlin Gold, LLC who executed the foregoing on behalf of said corporation, and
acknowledged voluntarily signing same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.



Third Judicial District)

THIS IS TO CERTIFY that on this 17 day of January
2020, before me personally appeared Corri. A. Feige, the
Commissioner of the Department of Natural Resources of the State of Alaska, who executed the
foregoing on behalf of the Department of Natural Resources of the State of Alaska and
acknowledged voluntarily signing the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

Mary Kay Beckman
Notary Public in and for the State of Alaska
My Commission Expires: with office

**EXHIBIT A
STIPULATIONS**

**ADL 231908
DONLIN PIPELINE
RIGHT-OF-WAY LEASE**

1. GENERAL

1.1 Responsibilities

- 1.1.1 Except where the approval of the Commissioner is required before the Lessee may commence a particular operation, neither the State nor any of its agents or employees is in any way obligated to examine or review any plan, design, specification, or other document which may be filed with the Commissioner by the Lessee pursuant to these Stipulations.

1.2 Lessee Support of State Oversight

- 1.2.1 During the design and Pipeline Activities the Lessee shall furnish, without cost, representatives of the State, including Contractors involved in field surveillance of the Leasehold and/or the Pipeline, adequate meals, living quarters, office space, transportation, and use of the Lessee's communication systems. Whenever possible, the Commissioner shall give the Lessee advance written notice of the need for such services and facilities, including the number and names of Persons to be accommodated.

1.3 Required Plans

- 1.3.1 The Lessee shall submit the following document(s), plan(s), and program(s) for approval by the Commissioner prior to Construction. Modifications or amendments must be approved by the Commissioner prior to implementation.

(a) Construction Plan (Stipulation 2.2)

(b) Quality Management Program (Stipulation 2.4)

(c) Design Basis and Criteria (Stipulation 4.4.1)

- 1.3.2 The Lessee shall submit the following program for review and approval by the Commissioner prior to Natural Gas being transported through the Pipeline. Modifications or amendments must be approved by the Commissioner prior to implementation.

(a) Surveillance and Monitoring Program (Stipulation 2.17)

1.4 Other Data as Requested

- 1.4.1 The Lessee shall submit to the Commissioner other data relevant to Pipeline Activities as may be requested by the Commissioner.

2. CONSTRUCTION AND OPERATIONS

2.1 Notice to Proceed for Initial Construction of the Pipeline

2.1.1 Permission for Initial Construction of the Pipeline (Notice to Proceed)

- 2.1.1.1 The Lessee shall not initiate Initial Construction on State Land without prior written permission of the Commissioner, which shall be given solely by means of a Notice to Proceed. Initial Construction may be divided into Construction Segments, with each segment authorized under an individual Notice to Proceed.
- 2.1.1.2 Any Construction activity that is not covered by a Notice to Proceed shall be given by a Written Authorization of the Commissioner pursuant to Stipulation 2.16.

2.1.2 Submissions Required

- 2.1.2.1 As part of the Notice to Proceed application for any Construction Segment, the Lessee shall submit to the Commissioner the documents in Stipulations 2.1.3 through 2.4 considered relevant to that segment by the Commissioner.

2.1.3 Project Management Schedule

- 2.1.3.1 The Lessee shall submit a Project Management Schedule for the entire project to the Commissioner. This schedule shall be time-scaled and shall include all activities and contingencies that may reasonably be anticipated in connection with the project. The Project Management Schedule shall include:
- (a) Permit or authorization priority schedules; and
 - (b) Pre-Construction, Construction, and post-Construction activities.
- 2.1.3.2 The Project Management Schedule shall be updated as significant changes occur, or as otherwise requested by the Commissioner.

2.1.4 Project Maps and Spatial Data

- 2.1.4.1 The Lessee shall submit the following geospatial data to the Commissioner:
- (a) Construction right-of-way centerline and boundary data,
 - (b) Final pipeline centerline data within one year of Operations, and
 - (c) Other Pipeline geospatial data as requested.

2.1.4.2 All geospatial data shall contain metadata detailing, at a minimum, data quality information, the origins and method of data collection/creation, coordinate systems, dates of collection/creation, attribute information, and narrative description of data.

2.1.5 Construction Right-of-Way Location

2.1.5.1 Prior to issuance of the Notice to Proceed, the Lessee shall, in such manner as shall reasonably be acceptable to the Commissioner, locate and clearly mark on the ground the control line of the right-of-way, the bounds of the construction right-of-way, and the location of all related facilities proposed to be constructed.

2.1.5.2 Any adjustments to the alignment must be approved by the Commissioner before the adjustment is implemented.

2.1.6 Issuance of Notice To Proceed (NTP)

2.1.6.1 Once all the project documentation for a Notice to Proceed, identified in Stipulations 2.1.3 through 2.4, is received from the Lessee, the Commissioner shall review each request for completeness. Additional requirements may be imposed in a Notice to Proceed by the Commissioner as necessary to reflect the impact of distinct environmental conditions within a Construction Segment.

2.2 Construction Plans

2.2.1 The Lessee shall submit Construction plans for approval that include all work schedules, construction sequencing, and, at a minimum, information on the following, as relevant to the segment or phase. These may be combined to address the topics identified:

- (a) Ancillary Support Facilities, including Temporary and Permanent Camps;
- (b) Access to the Pipeline Right-of-Way and Methods for Access Road Construction including Ice Roads (Stipulations 2.7 and 4.7);
- (c) Erosion and Sedimentation Control;
- (d) Restoration and Revegetation of Disturbed Areas;
- (e) Stabilization, Rehabilitation, and Reclamation;
- (f) Disposal of Overburden, and Excess and Excavated Material;
- (g) Stream, River, and Floodplain Crossings (Stipulation 4.6);
- (h) Groundwater Control;
- (i) Comprehensive Waste Management;
- (j) Spill Prevention, Control, and Countermeasure (SPCC);
- (k) Hazardous Materials and Substances Management;
- (l) Use of Pesticides, Herbicides, Preservatives, and Other Chemicals;
- (m) Construction in Wetlands;
- (n) Fish and Wildlife Protection (Stipulation 3.7);
- (o) Wildlife Avoidance and Human Encounter/Interaction;
- (p) Fire Prevention, Suppression, and Management;
- (q) Health, Safety, and Emergency Preparedness;

- (r) Dust Abatement;
 - (s) Invasive Species Management;
 - (t) Timber Clearing, Salvage, and Utilization (Stipulation 3.10);
 - (u) Blasting and Use of Explosives;
 - (v) Third Party Interests;
 - (w) Horizontal Directional Drilling (HDD) Practices, Contingency and Resource Protection; and
 - (x) Pressure Testing.
- 2.2.2 These plans shall provide sufficient detail and scope to allow the Commissioner to determine if they are consistent with the requirements of this Lease. All applicable State and federal requirements shall be incorporated by reference into the plans and programs of this Lease.
- 2.3 Engineering Documents**
- The Lessee shall submit to the Commissioner for approval the Engineering documents listed in Section 4 prior to issuance to the Notice to Proceed (Stipulation 4.4).
- 2.4 Quality Management Program**
- 2.4.1 The Lessee shall submit a comprehensive Quality Management Program that is designed to ensure safety and integrity of the Pipeline, and documents the Lessee's compliance with the Lease and stipulations. The Lessee must have an approved Quality Management Program in effect during all phases of Pipeline Activities.
- 2.4.2 The following components are to be included as part of the Quality Management Program:
- (a) Quality Manual, or similar document, that describes the Quality Management Program and includes the quality policy and objectives.
 - (b) An outline, or similar document, of the Quality Management Program processes that describes the processes and activities required to implement the Quality Management Program.
- 2.4.3 The Lessee shall conduct a maintenance program to detect, prevent, and abate situations that endanger health, safety, the environment, or the integrity of the Pipeline. The maintenance program shall include a system to document a complete and up-to-date record on maintenance activities. The program must be submitted to the Commissioner for review and approval no less than thirty days prior to operational start-up.
- 2.4.4 Any revisions to the documents approved under this section must be approved by the Commissioner before the revision is implemented. This does not include changes to detailed work instructions or processes, but does include changes to the hierarchical relationship of processes.

2.5 Changes in Condition

- 2.5.1 Unforeseen conditions arising during Pipeline Activities may make it necessary to revise or amend these Stipulations to control or prevent damage to the environment or hazards to public health and safety. In that event, the Lessee and the Commissioner shall agree as to what revisions or amendments shall be made.

2.6 Reporting

- 2.6.1 Annual Report: The Lessee shall provide a comprehensive annual report by **March 1** of each year this Lease is in effect unless notified otherwise by the Commissioner. The Commissioner shall provide a written description of the annual reporting requirements.
- 2.6.2 Spill and Discharge Reporting: The Lessee shall give notice, and issue updates, in accordance with applicable law, of any spill, leakage, or discharge of Natural Gas or other Hazardous Materials or Substances in connection with Pipeline Activities to State officials who are required by law to be given such notice. Additionally, the Commissioner shall be notified of the following amounts of spills and discharges associated with Pipeline Activity within the timeframes listed below.
- a) Immediately - Any Hazardous Material spills or discharges associated with Pipeline Activities in excess of 55 gallons.
 - b) Within 48 Hours - Any Hazardous Material spills or discharges associated with Pipeline Activities between 10 to 55 gallons.
 - c) Within the Annual Report - Any Hazardous Material spills or discharges associated with Pipeline Activities up to 10 gallons.
- 2.6.3 Pipeline Integrity Reporting: The Lessee shall Immediately notify the Commissioner, and issue updates accordingly, for the following situations, regardless of land ownership:
- a) Any condition, problem, malfunction, or other occurrence that poses a threat to or failure of Pipeline integrity.
 - b) All uncontrolled releases or leaks from the Pipeline.
 - c) Unintended movement or abnormal loading of the Pipeline by environmental causes, such as an earthquake, thermal degradation, landslide, or flood that impairs its serviceability or imminently threatens to impair its serviceability.
 - d) A bomb threat or other credible threat of sabotage or vandalism.
 - e) Any condition that causes a Pipeline shutdown expected to last longer than one hour.
 - f) Any condition that could lead to an imminent hazard and causes a 20% or more reduction in maximum allowable operating pressure.

- g) Any malfunction or operation error that causes the pressure of the Pipeline to rise above 110% of its maximum allowable operating pressure.
 - h) Any condition that requires de-rating of the Pipeline from its original maximum allowable operating pressure.
- 2.6.4 The Commissioner may require additional notice of events or incidents, including any abnormal operations, or scheduled or unscheduled stoppages. The Commissioner shall give the Lessee written notice of such reporting requirements.
- 2.7 Access**
- 2.7.1 Public Access: Pipeline Activities shall not interfere with the public's use and enjoyment of public access (including roads, trails, undeveloped easements, etc.) to and upon the Leasehold, except that, with the Commissioner's approval, the Lessee may:
 - (a) Temporarily regulate or prohibit public access over established access routes within the Leasehold being used for Construction or Termination activities. Alternative access must be provided by the Lessee before approval will be granted.
 - (b) Regulate public access to finite areas of the Leasehold to facilitate Operations and/or Maintenance activities, or to protect workers, the public, wildlife, or the environment from hazards associated with Pipeline Activities.
 - (c) Regulate or prohibit public access for reasons related to the security and integrity of the Pipeline.
- 2.7.2 The Lessee shall make provisions for suitable permanent crossings for the public where the Leasehold or access roads cross existing roads, foot trails, winter trails, easements, or other rights-of-way, unless otherwise authorized by the Commissioner during all Pipeline Activities.
- 2.7.3 Areas of approved restricted access shall be easily identifiable on the ground. The Lessee shall provide appropriate warnings, flagging, barricades, and other safety measures when regulating or prohibiting public access.
- 2.7.4 No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved unless such obstruction is authorized by the Commissioner. The Lessee shall not petition to vacate, abandon, or extinguish public access easements without the prior written approval of the Commissioner.
- 2.7.5 Public Trust Doctrine: The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This Lease is issued subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The Department of Natural Resources reserves the right to grant other interests to the Leasehold consistent with the Public Trust Doctrine.

2.8 Third Party Interests and Public Improvements

- 2.8.1 The Lessee shall protect utilities and other infrastructure co-located within or adjacent to the Leasehold during Pipeline Activities. Any damages caused by the Lessee to existing improvements shall be promptly repaired by the Lessee to a condition that is reasonably satisfactory to the Commissioner.

2.9 Fire Prevention and Suppression

- 2.9.1 The Lessee shall promptly notify the Commissioner of any fires on, or that may threaten any portion of, the Pipeline or Leasehold and shall take all measures necessary or appropriate for the prevention and suppression of fires in accordance with applicable law and the approved Fire Prevention, Suppression, and Management Plan. The Lessee shall comply with the instructions and directions of the Commissioner concerning the use, prevention, and suppression of fires on State Land.
- 2.9.2 Use of open fires in connection with Pipeline Activities is prohibited on State Land unless approved by the Commissioner and performed in accordance with State law.
- 2.9.3 The Fire Prevention, Suppression, and Management Plan required under Stipulation 2.2 shall outline measures for prevention and suppression of fire on the right-of-way, and coordination with wildfire response agencies. Project personnel shall be instructed as to individual responsibility in implementation of the plan.
- 2.9.4 The Commissioner reserves the right to impose restrictions or suspend Pipeline Activities in any area during periods when fire danger is severe.

2.10 Health and Safety

- 2.10.1 The Lessee shall take all measures necessary to protect the health and safety of all Persons affected by Pipeline Activities and shall Immediately abate any health or safety hazards. The Lessee shall Immediately notify the Commissioner of all serious accidents that occur in connection with such activities.

2.11 Protection of Survey Monuments

- 2.11.1 The Lessee shall mark and protect all survey monuments encountered during Pipeline Activities. These monuments are not to be disturbed; however, if a disturbance of a monument, or any of its accessories, becomes necessary, the Lessee shall contact the survey section of the Division of Mining, Land and Water for current information on the policies regulating the implementation of "Records of Monument" (AS 34.65.040).
- 2.11.2 A written report to the Commissioner shall be made by the Lessee in the event that any monuments or accessories are inadvertently damaged.

2.12 Protection of Cultural Resources

- 2.12.1 The Lessee entered into a Programmatic Agreement, executed June 28, 2018, with the State of Alaska Office of History and Archaeology (OHA)/State Historic Preservation

Office related to implementation of the Alaska Historic Preservation Act (AS 41.35) and Section 106 of the National Historic Preservation Act (16 U.S.C. 470 et seq.).

2.12.2 The Lessee shall take affirmative responsibility to require its agents, employees, and Contractors to protect cultural resources and comply with the executed Programmatic Agreement while conducting Pipeline Activities.

2.12.3 Should any cultural and/or paleontological resource be discovered during the course of Pipeline Activities, the activities that may disturb or damage the site shall cease, and the Lessee shall follow the executed Programmatic Agreement or its successor.

2.13 Hunting, Fishing, Trapping, and Camping

2.13.1 The Lessee shall prohibit its agents, employees, and Contractors, while on duty or living at a camp, from hunting, fishing, trapping, shooting, and camping within the Leasehold.

2.14 Off Right-of-Way Traffic

2.14.1 The Lessee shall not operate mobile ground equipment off the Leasehold, access roads, highways, or authorized areas, unless approved by the Commissioner or when necessary to prevent harm.

2.15 Material Sites

2.15.1 If the Lessee requires materials from State Land, the Lessee shall make application to purchase such materials in accordance with appropriate State laws and regulations. No materials shall be removed from State Land by the Lessee without the approval of the Commissioner. Mining and Reclamation Plans must be submitted for approval by the Commissioner for all material sites regardless of land ownership.

2.15.2 Insofar as possible, use of existing material sites is preferred to new sites.

2.15.3 Gravel and other construction materials shall not be taken from streambeds, riverbeds, lakeshores, or outlets of lakes, unless the taking is approved by the Commissioner.

2.15.4 Material site boundaries shall be shaped in such a manner as to blend with surrounding natural land patterns. Regardless of the layout of material sites, primary emphasis shall be placed on prevention of soil erosion and damage to vegetation.

2.16 Written Authorizations

2.16.1 After Initial Construction of the Pipeline, the Commissioner may require a Written Authorization for a major activity or significant modification to the Pipeline. Each Written Authorization shall authorize Construction only as therein expressly stated and only for the particular Construction project therein described.

- 2.16.2 A Written Authorization from the Commissioner is required prior to implementation of the following:
- (a) Start-Up
 - (b) Modification to the Construction Plans (Stipulation 2.2)
 - (c) Modifications to the Quality Management Program (Stipulation 2.4)
 - (d) Modifications to the Surveillance and Monitoring Program (Stipulation 2.17)
 - (e) Modifications to the Design Basis and Criteria (Stipulation 4.4)
 - (f) Modifications to the Final Design (Stipulation 4.10)
 - (g) Other documents or programs as identified within the lease or at the request of the Commissioner
- 2.16.3 To obtain a Written Authorization, the Lessee must submit a written request to the Commissioner for the specific action(s) no less than thirty days (30) before implementation of the requested actions. The request must include all supporting documents required by the Lease and any other supporting documentation required by the Commissioner.

2.17 Surveillance and Monitoring Program

- 2.17.1 The Lessee shall submit a Surveillance and Monitoring Program that demonstrates how the Lessee will detect, prevent, and abate situations that endanger workers' and the public's health and safety, the environment, or the integrity of the Pipeline.
- 2.17.2 Any revision to the program must be approved by the Commissioner before the revision is implemented.
- 2.17.3 Lessee shall maintain complete and up-to-date records on Pipeline Activities performed in connection with the Pipeline. Records shall include but are not limited to: surveillance data, leak detection data, repairs, integrity records, necessary operational data, modification records, other data as required by 49 CFR, Part 192, and other records as the Commissioner may require.

2.18 Temporary Abandonment, Reduction, or Impairment of Service

- 2.18.1 Lessee Requested: In accordance with Alaska Statute (AS) 38.35.040 and 11 Alaska Administrative Code (AAC) 80.025, the Lessee may request to provide temporary service, or temporary abandonment, reduction, or impairment of services from the Commissioner for short term use changes involving the Pipeline. Such request must be made on form DL-10-131 (or its successor) and approval or denial of the action will be determined through a Decision made in accordance with 11 AAC 80.035.
- 2.18.2 Emergency Actions: In accordance with AS 38.35.040 nothing in this Lease prevents or limits the Lessee from taking appropriate emergency actions to protect the health and safety of people and the environment. Should an emergency action require the abandonment, reduction, or impairment of service, the Lessee shall notify the Commissioner as soon as possible.

3. ENVIRONMENTAL

3.1 Environmental Briefings

- 3.1.1 The Lessee shall develop and provide environmental briefings for supervisory and field personnel and Field Representatives. The briefings shall communicate, at a minimum, Lease and environmental permit requirements.

3.2 Pollution Control

- 3.2.1 The Lessee shall conduct all Pipeline Activities in a manner that shall avoid or minimize degradation of air, land, and water quality.
- 3.2.2 Mobile ground equipment shall not be operated in or on lakes, rivers, or streams on State Land unless such operation is approved by the Commissioner.
- 3.2.3 All waste generated in Pipeline Activities shall be removed or otherwise disposed of according to all local, State, and federal laws, and in a manner reasonably acceptable to the Commissioner.
- 3.2.4 The Lessee shall conduct all Pipeline Activities in a manner that shall avoid or minimize light and noise pollution for the safety and wellbeing of people and wildlife in and around the Leasehold. Whenever possible, the use of down shielded lights should be used to illuminate work areas.
- 3.2.5 The Lessee shall follow the approved Invasive Species Management Plan for application of pesticides, herbicides, or other chemicals, to treat presence of non-native invasive species.
- 3.2.6 No fuel storage or refueling of equipment shall be allowed within 100 feet of waterbodies unless otherwise approved by the Commissioner.

3.3 Disturbance of Natural Waters

- 3.3.1 All activities of Lessee in connection with the Pipeline that may create new lakes, drain existing lakes, significantly alter natural drainages and surface runoff, permanently alter stream hydraulics, or disturb significant areas of stream beds are prohibited unless such activities and necessary mitigation measures are approved by the Commissioner.
- 3.3.2 The temperature of natural surface water or groundwater shall not be significantly changed by the Pipeline or by any Pipeline Activities so as to adversely affect the natural surface water or groundwater, unless approved by the Commissioner.

3.4 Erosion and Sedimentation

- 3.4.1 Erosion control measures shall be maintained to limit induced and accelerated erosion, limit sediment production and transport, and lessen the possibility of forming new drainage channels during Pipeline Activities.

- 3.4.2 Where the Lessee is required to conduct Construction activities in winter to protect wetlands or permafrost, those activities may begin only after the seasonal frost has reached a depth of 12 inches below the ground surface and has adequate snow cover, unless otherwise approved by the Commissioner.
- 3.4.3 Where needed to protect sensitive areas such as wetlands, tundra mats or other appropriate types of ground protection shall be used to minimize disturbance of ground vegetative cover during non-winter construction, unless otherwise authorized by the Commissioner.
- 3.4.4 Ice bridges at stream crossings during Pipeline Activities will be breached or weakened following completion of use and before breakup occurs to reduce potential impacts to stream banks, prevent flooding, and to minimize impacts to stream hydraulics.

3.5 Excavated Material

- 3.5.1 Excess excavated material shall be disposed of in accordance with approved Construction Plans during Pipeline Activities.
- 3.5.2 Excavated materials shall not be stockpiled in waters of the State, including but not limited to, rivers, streams, floodplains, or wetlands unless approved by the Commissioner.

3.6 Restoration and Revegetation

- 3.6.1 All disturbed areas of State Land shall be left in such stabilized condition that erosion in excess of natural rates shall be minimized until practicable Restoration and Revegetation can be accomplished to the satisfaction of the Commissioner, in accordance with the approved plans.
- 3.6.2 Restoration and Revegetation of disturbed areas on State Land shall be conducted as soon as practicable, and in accordance with approved plans (Stipulation 2.2).
- 3.6.3 Surface materials shall be stockpiled and used during Restoration unless otherwise approved by the Commissioner. Excavated topsoil shall be stockpiled in an area separate from trench spoil. Stabilization practices, in accordance with approved plans and as determined by the needs for specific sites, may include but shall not be limited to the placement of mat binders, soil binders, raincoatings, rock, gravel blankets, or structures that reduce erosion rates. In all cases, best management practices shall be employed.
- 3.6.4 Revegetation shall be implemented in disturbed sites with native or non-invasive plant species in accordance with the revegetation plan as approved by the Commissioner. The Revegetation shall establish plant communities that are self-sustaining and ecologically compatible with the local climate, and assist in protecting water quality by controlling erosion.

- 3.6.5 Riparian vegetation, if removed during Pipeline Activities, shall be reestablished to the satisfaction of the Commissioner, in accordance with approved plans (Stipulation 2.2).
- 3.6.6 A summary of Restoration & Revegetation activities shall be submitted to the Commissioner in the Annual Report.
- 3.6.7 Restoration methods in permafrost shall consider thermal and soil density conditions for areas of soil disturbance.

3.7 Fish and Wildlife Protection

3.7.1 Fish Passage

- 3.7.1.1 All Pipeline Activities shall be conducted so as to assure free passage and movement of fish in streams designated by the Commissioner in consultation with the Alaska Department of Fish and Game (ADF&G). Any temporary blockages of fish passage and movement necessitated by in-stream activities must be approved, in writing, by ADF&G.
- 3.7.1.2 Pump intakes in fish-bearing waters shall be screened to prevent harm to fish unless otherwise approved by the Commissioner. Screening specifications must be approved by the Commissioner.
- 3.7.1.3 When abandoned, water diversion structures shall be removed or plugged and stabilized to prevent trapping or stranding of fish, unless otherwise approved by the Commissioner.
- 3.7.1.4 If material sites are approved adjacent to or in lakes, rivers, or streams, the Commissioner may require the Lessee to construct levees, berms, or other suitable means to protect fish and fish passage and to prevent siltation of lakes, rivers, or streams.

3.7.2 Fish Spawning Beds, Rearing Areas, and Overwintering Areas

- 3.7.2.1 The Lessee shall protect Fish Spawning Beds, Fish Rearing Areas, and Overwintering Areas from sediment where soil material is expected to be suspended in water as a result of Pipeline Activities. Settling basins or other sediment control structures shall be constructed and maintained to intercept sediment before it reaches lakes, rivers, or streams.
- 3.7.2.2 The Lessee shall comply with site-specific terms and conditions imposed by the Commissioner to protect Fish Spawning Beds, Fish Rearing Areas, and Overwintering Areas from the effects of Pipeline Activities. Damage caused by the Lessee's Pipeline Activities shall be repaired to the reasonable satisfaction of the Commissioner, in accordance with approved plans.
- 3.7.2.3 The Lessee shall avoid disturbance to Fish Spawning Beds, Fish Rearing Areas, and Overwintering Areas designated by the Commissioner. However, where disturbances

cannot be avoided, proposed modifications and appropriate mitigation measures shall be designed by the Lessee and approved by the Commissioner.

3.7.3 Wildlife

3.7.3.1 The Pipeline shall be maintained to avoid significant alteration of big-game movement patterns. The Commissioner may require additional measures to mitigate impacts to big-game movement.

3.7.3.2 Prior to starting Pipeline Activities, the Lessee shall obtain the locations of known brown-bear dens from the ADF&G for the purposes of avoiding human/bear interactions and minimizing disturbance of bear dens.

3.7.3.3 The Lessee shall prohibit their employees, agents, and Contractors, from feeding wildlife or from leaving garbage or other edible items that would attract wildlife. Putrescible wastes shall be kept in covered containers while awaiting appropriate disposal or incineration, unless otherwise approved by the Commissioner.

3.7.3.4 During Pipeline Activities, Lessee shall consider migratory and resident wildlife movement, develop strategies to prevent or minimize animal entrapment in open ditches, and minimize barriers to animal movement created by prolonged pipe stringing.

3.7.4 Activity Restrictions

3.7.4.1 During periods of environmental concern, such as during wildlife breeding, nesting, lambing, or calving activity, and during major migrations of wildlife, the Lessee's activities on State Land may be restricted by the Commissioner with written notice. From time to time, the Commissioner may furnish the Lessee a list of areas where such actions may be required, together with anticipated dates of restriction.

3.7.4.2 Under the Bald and Golden Eagle Protection Act and the Migratory Bird Treaty Act, the taking of bald eagles is prohibited, and is defined as pursuing, shooting, shooting at, poisoning, wounding, killing, capturing, trapping, collecting, molesting or disturbing. A violation may result in criminal charges, including fines and imprisonment. The Lessee is responsible for implementing necessary restrictions to ensure adherence to these laws.

3.8 Use of Explosives

3.8.1 All blasting must be approved, in writing, by the Commissioner, in consultation with ADF&G. Blasting may be restricted by the Commissioner in cases of sufficient environmental concern.

3.8.2 No blasting shall be done underwater or within one-quarter (1/4) mile of lakes, rivers, or streams with identified sensitive fisheries habitat without the approval of the Commissioner, and a permit from ADF&G, when such a permit is required by State law or regulation.

3.9 Vegetation

- 3.9.1 Pipeline Activities shall be conducted to minimize impacts to riparian and aquatic vegetation.
- 3.9.2 Where the Right-of-Way crosses State highways, roads, or authorized trails, a screen of vegetation native to the specific setting shall be maintained, or established over disturbed areas, unless otherwise approved in writing by the Commissioner, and in compliance with PHMSA regulations.
- 3.9.3 Lessee shall consider aesthetic values in planning, construction, and operation of the Pipeline. The Commissioner may impose conditions such as vegetative screens or buffers as deemed necessary to protect aesthetic values.

3.10 Timber Clearing, Salvage, and Utilization

- 3.10.1 Prior to initiating clearing operations on State Land, Lessees shall consult with the Division of Forestry to determine the value of merchantable timber, if any, which will be cut, removed, or destroyed in the Construction and Maintenance of the Pipeline. Lessee shall then notify the Commissioner of the amount of merchantable timber involved, and shall pay the State in advance of such Construction or Maintenance activity, such sum of money as the Commissioner determines to be the full stumpage value of the timber to be cut, removed or destroyed.
- 3.10.2 The Lessee shall remove only the minimum amount of vegetation necessary for Pipeline Activities.
- 3.10.3 The Lessee shall, as part of the Timber Clearing, Salvage, and Utilization Plan required in Stipulation 2.2, provide an opportunity for residents and local communities to utilize the salvage timber.
- 3.10.4 All trees, snags, and other woody material cut in connection with clearing operations shall be cut so that the resulting stumps shall not be higher than six (6) inches measured from the ground on the uphill side.
- 3.10.5 All trees, snags, and other woody material cut in connection with clearing operations shall be felled into the area within the clearing boundaries and away from water courses.
- 3.10.6 Hand clearing shall be used in areas on State Land where the Commissioner determines that the use of heavy equipment would be detrimental to existing conditions.
- 3.10.7 All debris resulting from clearing operations and construction that may block stream flow, delay fish passage, contribute to flood damage, or result in stream bed scour or erosion shall be removed.
- 3.10.8 Logs shall not be skidded or yarded across any water course without the written approval of the Commissioner.

- 3.10.9 No log storage shall be located within three hundred (300) feet of any water course on State Land except with the written approval of the Commissioner.
- 3.10.10 Slash disposal shall be performed in accordance with policies and procedures approved by the Division of Forestry (including but not limited to 11 AAC 95.370).
- 3.10.11 The Timber Clearing, Salvage, and Utilization Plan will include practices to minimize the spread of destructive forest insects and reduce the risk of wildfire (including but not limited to 11 AAC 95.195).

3.11 Contingency Plans

- 3.11.1 Should any oil or other pollutant be discharged during any phase of the Pipeline Activities, the control, removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the Lessee. Upon failure of the Lessee to control, dispose of, or clean up such discharge, the Commissioner may take measures to control and clean up the discharge at the full expense of the Lessee. Such action by the Commissioner shall not relieve the Lessee of any responsibility as provided herein.

4. TECHNICAL

4.1 General

- 4.1.1 All methods employed in design or during Pipeline Activities shall be in accordance with sound engineering practice and shall meet or exceed applicable federal, state and local regulations, standards and codes.
- 4.1.2 Requirements in addition to those set forth in the above minimum standards may be imposed by the Commissioner as reasonably necessary to reflect the impact of unusual or other specialized situations. The Commissioner shall make every effort to identify such additional requirements during the design phase.
- 4.1.3 Lessee shall employ best available technology reasonably achievable in the design standards that account for the risks associated with geohazards, including, but not limited to, mass waste movements, permafrost, seismic events, tidal forces, ice flows, flooding, fire, or volcanic eruptions.
- 4.1.4 Security for the Pipeline shall be maintained by Lessee for public safety. Electrical power required for the Pipeline shall have safeguards for public safety.

4.2 Pipeline Standards

- 4.2.1 All Pipeline design, including engineering, selection of material and components, Construction, Operation, Maintenance, monitoring, and Termination practices must reflect the application and supporting documents as approved by the Commissioner and meet or exceed industry standards and applicable U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations.

- 4.2.2 All Pipeline Activities shall be conducted to minimize disruption of the local region and environment. This shall include subsurface and surface hydrological runoff and slope stabilization.

4.3 Technical Record Keeping

- 4.3.1 Critical drawings and technical documents shall be kept up-to-date. Changes to the Pipeline will be documented by final drawings of record, with engineering seals within one-hundred eighty (180) days of completion, unless otherwise authorized by the Commissioner, in accordance with State statutes, regulations and administrative codes.

4.4 Engineering Documents

- 4.4.1 Design Basis and Criteria: The Lessee shall develop and maintain a Design Basis and Criteria that specifies how the design and engineering of the Pipeline provides for and meets the performance, operational, and regulatory requirements of the project, maintains safety, protects the environment, and protects public interests. Additionally, the conditions listed in stipulations 4.4.2 through 4.4.8 must be incorporated into the document.
- 4.4.2 Electronics and Communications: The Pipeline shall have a fully functioning and reliable control and communications system that ensures the transmission of information required for safe Pipeline Activities. The Lessee shall screen, filter, or otherwise suppress any electronically operated devices installed as part of the Pipeline that are capable of producing interference with existing communication systems, navigational aids, or related systems.
- 4.4.2.1 The Lessee shall provide reliable voice and data communication systems with sufficient redundancy that shall provide information to a control center and be fully usable during emergencies. This communication system shall provide automated and timely regulatory reporting, timely operational data retrieval, automated trending capabilities, alarming functionality, security, and automated operator notification.
- 4.4.2.2 The Lessee shall ensure that communication systems can be fully functional after a significant seismic event. This includes all transmission equipment, supporting facilities, power, and other devices needed to make a fully functional communication system.
- 4.4.3 Pipeline Corrosion: The Lessee shall provide for early detection of corrosion and other anomalies in accordance with State requirements and 49 CFR, Part 192. Mitigation of such anomalies will be prescribed by the Lessee to meet or exceed regulatory requirements.
- 4.4.3.1 The Lessee shall provide a Corrosion Plan for approval by the Commissioner prior to start-up of the Pipeline. The plan shall include, but not be limited to, information on any precautions that may be required to prevent external or internal corrosion of the Pipeline.

4.4.4 Lightning Protection:

- 4.4.4.1 Lightning protection and surge suppression shall conform to the requirements of National Fire Protection Association (NFPA) 780, 2017 Edition, "Standard for the Installation of Lightning Protection Systems."

4.4.5 Pipeline Integrity Management:

- 4.4.5.1 The Design Basis and Criteria shall include Pipeline integrity management strategies that consist of measures that improve the Pipeline resistance to hazards, including but not limited to corrosion, physical impacts, ground displacement.

- 4.4.5.2 Integrity management shall include operational programs to monitor ground displacement or Pipeline response, including Pipeline movement, and identify conditions that may warrant further engineering investigations or mitigation activities.

- 4.4.6 Seismic: The Pipeline shall be seismically designed using appropriate application of the best practical technology, to prevent integrity issues from the effects of geohazards, including but not limited to seismic accelerations, ground deformation, and earthquake-induced mass movements.

- 4.4.6.1 Summaries of the results of the seismic design and the results of the pipeline stress analysis shall be submitted to the Commissioner. If significant physical changes are made during the lease, these summaries shall be updated accordingly.

- 4.4.6.2 The Pipeline shall be designed to prevent leakage or damage to the Pipeline from the Design Contingency Earthquake (DCE). The DCE is defined as an earthquake with a five (5) percent probability of exceedance in fifty (50) years. Seismic ground-motion parameters shall be based on the U.S. Geological Survey (USGS) national seismic hazard maps for Alaska as appropriate to the particular pipeline or facility application, except for areas of special seismic hazards such as active faults, unstable slopes, or liquefaction zones. An engineer registered in the State of Alaska shall assess the design for each of these special seismic hazards.

- 4.4.6.3 Seismic operating provisions shall consider the statewide earthquake monitoring system (EMS) and shall include the following elements:

- (a) An automatic programmed shutdown of the Pipeline when an event near the Pipeline reaches the level of the DCE;
- (b) A post-event inspection checklist targeting the facilities most affected by the location of the event; and
- (c) The Lessee's EMS shall be evaluated for integration into the statewide seismic monitoring system.

4.4.7 Fault Displacements:

- 4.4.7.1 Prior to applying for a Notice to Proceed for any Construction Segment on State Land, the Lessee shall demonstrate to the Commissioner that all recognizable or reasonably

inferred active faults or fault zones along the alignment within that Construction Segment have been identified, delineated, and characterized.

- 4.4.7.2 In a fault zone that is reasonably interpreted as active, the Pipeline shall meet the following minimum design criteria:
- (a) The Pipeline shall resist failure resulting in leakage from displacement in the foundation material resulting from the DCE on that fault zone;
 - (b) No storage tank or compressor station shall be located within an active fault zone on State Land; and
 - (c) The manner of pipe installation across the fault zone, location of valves on each side of the fault, and monitoring system shall be included in the design documents.
- 4.4.7.3 Where the Pipeline crosses a fault or lies within a fault zone on State Land that is reasonably interpreted as active, the Lessee shall monitor crustal deformation in the vicinity (e.g., fault creep, seismicity) and report findings to the Commissioner at a frequency to be agreed upon by the Commissioner and the Lessee.
- 4.4.8 Geotechnical & Thermal Geotechnical:
- 4.4.8.1 Areas subject to events such as, but not limited to, mud flows, landslides, avalanches, rock falls, glaciers, and other types of mass movements shall be avoided where practicable in locating the Pipeline on State Land. Where such avoidance is not practicable, the Pipeline Design, based upon detailed field investigations and analysis, shall provide measures to prevent the occurrence of, or protect the Pipeline against, the effects of such mass movements. Special emphasis shall be used to identify areas of sensitive soil conditions, such as discontinuous permafrost, solifluction, and areas of seasonal groundwater flow.
- 4.4.8.2 The Pipeline shall be designed to protect existing facilities from the effects of mass movement caused by the Lessee's activities, and shall not adversely affect slope stability protection measures of existing structures.
- 4.4.8.3 The pipeline will be founded on stable soils or it shall be designed with appropriate engineering mitigation measures.
- 4.4.8.4 In permafrost areas, Lessee shall submit annual reports on the thermal stability and mitigative measures taken for stability of the Pipeline. The reports shall also include records of the gas temperatures maintained in the Pipeline. The reporting frequency of these reports shall continue until the Commissioner has determined that the installation has stabilized.

4.5 Land and Surface Disturbance

- 4.5.1 All Pipeline Activities shall be conducted to minimize surface modifications. These activities shall be planned and executed in such a way that the resulting surface

disturbance or alteration of permafrost shall not jeopardize Pipeline integrity or the surrounding environment.

- 4.5.2 Lessee shall identify any Pipeline movement that may affect Pipeline integrity, including those resulting from frost heave or settlement forces, as well as surface heave, subsidence, or other soil movement above the Pipeline. Baseline data, e.g. survey and in-line inspection data, shall be collected prior to start-up of the Pipeline. This data shall be transmitted to DNR within one year of collection.
- 4.5.3 Construction of access roads, snow/ice ramps, snow/ice work pads, snow/ice roads, protective work mats, or any other method to protect the ground surface shall be approved by the Commissioner. Approvals shall be obtained during all phases of the Lease, including Construction, Operation, Maintenance, and Termination of the Pipeline.
- 4.5.4 Permanent and temporary work pads and driveways shall be designed and constructed to protect the ground surface, mitigate damage to the organic layer, and prevent thermal degradation of permafrost.
- 4.5.5 Erosion control measures shall be maintained to limit induced and accelerated erosion, limit sediment production and transport, and lessen the possibility of forming new drainage channels during Pipeline Activities.

4.6 Rivers, Streams, and Floodplains

- 4.6.1 The Pipeline shall be designed to withstand or accommodate hydraulics, hydrology, and their effects (including runoff, stream and floodplain erosion, meander cutoffs, lateral migration, ice jams, and aufeis) of the local area.
- 4.6.2 For stream crossings and portions of the Pipeline within a floodplain, the following design standards shall apply:
 - (a) The design flood elevation shall, at a minimum, be based on the 100-year flood event as defined by a nationally accepted flood frequency analysis method;
 - (b) The depth of channel scour shall be established by appropriate field investigations and theoretical calculations using those combinations of water velocity and depth that yield the maximum value. Crossings should be installed with the deepest practicable depth, based on scour calculations.
 - (c) For overhead crossings, analysis shall be made to ensure that support structures are adequately protected from the effects of scour, channel migration, undercutting, ice forces, degradation of permafrost, and other external and internal loads;
 - (d) Methods of constructing stream crossings, including horizontal directional drilling (HDD) or excavation and backfill of pipe trench near and through stream banks and existing river-training structures shall be approved by the Commissioner prior to initiation of Construction; and

- (e) Fords across streams or rivers where any mobile ground equipment is moved on the streambed shall be designed, constructed, maintained, and restored to standards approved by the Commissioner.
- 4.6.3 The design of water crossings shall consider the unique characteristics of permafrost areas, such as the increased active layer under water bodies, the potential of aufeis development, and thermal erosion. It shall minimize other types of erosion, sedimentation, restriction of natural meander, or alteration of the physical or chemical nature of crossed waterbodies.
- 4.6.4 Temporary access at or around stream banks shall be made through the use of fill ramps rather than by cutting through stream banks, unless otherwise approved by the Commissioner. The Lessee shall remove such ramps upon termination of the activity. Ramp materials shall be disposed of in a manner approved by the Commissioner.
- 4.6.5 Where practicable, Pipeline routing will avoid placement in lakes. If placement in lakes is necessary, the additional depth of the active layer will be evaluated and included in the design.
- 4.6.6 Ice ride-up or pile-up shall be considered in the design of any stream crossing. For overhead crossings, trenched crossings, or HDD crossings, the design shall conform to a minimum 100-year return design. In addition, the design shall consider local ice jams that can result in significant ice pile-up and flooding at a site.
- 4.6.7 Culverts or similar structures shall be designed, at a minimum, in accordance with the DOT/PF Alaska Highway Drainage Manual. Culverts located in fish streams shall be designed in accordance with ADF&G Title 16 Fish Habitat Permit conditions.
- 4.6.8 To avoid channelization along the pipe, appropriate design and construction procedures shall be used wherever there is potential for such channelization.
- 4.6.9 The Pipeline Right-of-Way shall be maintained so as to provide 50-foot minimum vegetated strips along streams on State Land unless otherwise approved in writing by the Commissioner, and in compliance with PHMSA regulations.
- 4.7 Access Roads, Work Pads and Ice Roads**
- 4.7.1 The Lessee shall submit a layout of each proposed temporary or permanent access road, work pad and ice road for approval, in accordance with approved plans required by Stipulation 2.2, by the Commissioner.
- 4.7.2 Access roads shall be constructed to standards suitable for safe operations of equipment at the travel speeds proposed by the Lessee.
- 4.7.3 Design, materials, and construction practices employed for access roads shall be in accordance with safe and proven engineering practice. Access roads intended for permanent use shall be constructed in accordance with federal and State road standards and the principles of construction for roads in the arctic environment.

- 4.7.4 The maximum allowable grade is twelve (12) percent unless otherwise approved by the Commissioner.

4.8 Overhead and Belowground Road Crossings

- 4.8.1 In areas of permafrost the original ground surface below long-term or permanent road crossings shall be thermally protected by insulation.
- 4.8.2 Buried pipeline road crossings and/or casings shall be designed and constructed per API 1102 (Steel Pipelines Crossing Railroads and Highways) and 49 CFR 192 (Transportation of Natural and Other Gas by Pipeline), or their successors.
- 4.8.3 Road crossings will be designed, monitored, and maintained in such a way as to not damage or cause deterioration of the condition of the road.

4.9 Work Pads

- 4.9.1 Gravel work pads shall be designed and constructed to protect the ground surface and prevent any thermal degradation of permafrost.
- 4.9.2 A Maintenance Plan for work pads shall be developed for approval by the Commissioner.

4.10 Final Design

- 4.10.1 The Lessee shall submit the Issued for Construction plans with all revisions for acceptance by the Commissioner before Pipeline Activities may commence.

4.11 Conduct of Operations

- 4.11.1 Lessee shall perform all Pipeline operations in a safe and workmanlike manner so as to ensure the safety and integrity of the Pipeline, and shall at all times employ and maintain personnel and equipment sufficient for that purpose.

EXHIBIT B
LEGAL DESCRIPTION OF RIGHT-OF-WAY

ADL 231908
DONLIN PIPELINE
RIGHT-OF-WAY LEASE

Construction Right-of-Way Legal Description

The construction right-of-way will include access roads, material sites, water extraction sites, airstrips, camps, and staging areas as described in this Exhibit.

During construction, the width of the pipeline right-of-way shall be nominally 150 feet, situated unevenly (25' and 125') on either side of the pipeline. The pipeline shall begin at a point of connection with the Beluga pipeline (point of origin), then continue approximately 315 miles in a northern and westerly direction to a termination at the Donlin Gold mine site (point of termination). Roughly 207 miles of the pipeline route is located on State lands and is subject to this Lease. Those portions of the pipeline located on federally or privately-owned lands are not incorporated in this right-of-way lease.

The pipeline will be located generally along the route depicted on the Alignment Sheets incorporated into this Lease as Exhibit B-1 and is located within the following State-owned lands:

Seward Meridian

Pipeline:

Township 14 North, Range 09 West, Sections 7, 17, 18, 20, 28, 29
Township 14 North, Range 10 West, Sections 1, 12
Township 15 North, Range 10 West, Section 36
Township 15 North, Range 09 West, Sections 4, 5, 8, 17, 20, 29, 30, 31
Township 16 North, Range 09 West, Sections 3, 10, 15, 21, 22, 28, 33
Township 17 North, Range 09 West, Sections 4, 9, 10, 15, 22, 23, 26, 35
Township 18 North, Range 09 West, Sections 7, 18, 19, 20, 29, 32, 33
Township 18 North, Range 10 West, Sections 1, 12
Township 19 North, Range 10 West, Sections 6, 7, 8, 16, 17, 21, 22, 26, 27, 35, 36
Township 19 North, Range 11 West, Section 1, 2
Township 20 North, Range 11 West, Sections 5, 8, 9, 16, 21, 22, 26, 27, 35, 36
Township 21 North, Range 11 West, Sections 29, 30, 32
Township 21 North, Range 12 West, Sections 7, 18, 19, 20, 21, 22, 25, 26, 27

Township 21 North, Range 13 West, Sections 2, 4, 3, 11, 12, 13
Township 22 North, Range 13 West, Sections 30, 31, 32, 33
Township 22 North, Range 14 West, Sections 19, 20, 21, 22, 23, 25, 26
Township 22 North, Range 15 West, Sections 19, 20, 21, 22, 23, 24, 28, 29, 30
Township 22 North, Range 16 West, Sections 19, 20, 25, 26, 27, 28, 29
Township 22 North, Range 17 West, Sections 5, 6, 8, 9, 10, 13, 14, 15, 24
Township 22 North, Range 18 West, Sections 1, 2, 3
Township 23 North, Range 18 West, Sections 19, 20, 29, 32, 33, 34
Township 23 North, Range 19 West, Sections 2, 11, 12, 13, 24
Township 24 North, Range 19 West, Sections 7, 8, 16, 17, 18, 21, 22, 27, 34, 35
Township 24 North, Range 20 West, Sections 2, 3, 11, 12
Township 25 North, Range 20 West, Sections 7, 17, 18, 20, 22, 23, 26, 27, 28, 29, 35, 36
Township 25 North, Range 21 West, Sections 1, 2, 12
Township 26 North, Range 21 West, Sections 4, 5, 9, 10, 14, 15, 23, 26, 35
Township 27 North, Range 21 West, Sections 19, 30, 31, 32
Township 27 North, Range 22 West, Sections 2, 3, 4, 11, 13, 14, 24, 25
Township 28 North, Range 22 West, Sections 18, 19, 30, 31, 32, 33
Township 28 North, Range 23 West, Sections 11, 12, 13, 14, 15, 16, 17, 19, 20, 21
Township 28 North, Range 25 West, Sections 34, 35, 36
Township 27 North, Range 25 West, Sections 3, 4, 5, 6, 7
Township 27 North, Range 26 West, Sections 11, 12, 14, 15, 16, 17, 19, 20
Township 26 North, Range 28 West, Sections 1, 2, 3, 9, 10, 16, 17, 19, 20
Township 25 North, Range 29 West, Sections 4, 5, 6, 7
Township 24 North, Range 32 West, Sections 4, 5, 7, 8
Township 24 North, Range 33 West, Sections 11, 12, 14, 15, 16, 19, 20, 21, 30
Township 24 North, Range 34 West, Sections 24, 25, 26, 27, 28, 29, 30
Township 24 North, Range 35 West, Sections 27, 28, 29
Township 24 North, Range 37 West, Sections 31, 32, 33
Township 23 North, Range 37 West, Section 6
Township 23 North, Range 38 West, Sections 1, 2, 3, 9, 10, 16, 17, 18
Township 23 North, Range 39 West, Sections 13, 14, 15, 16, 17, 18
Township 23 North, Range 40 West, Section 15

This portion of the right-of-way aggregates to 3,744 acres, more or less. All calculations are approximations based on the applicant's description of the right- of-way.

Additional ancillary facilities for construction purposes shall be included in the pipeline right-of-way on the State-owned lands listed below. These facilities include access roads for construction purposes, airstrips, horizontal directional drilling (HDD) pads, camps, storage yards, and material sites. Access roads shall generally be 35-feet wide except as needed for designated turn-around locations.

Seward Meridian

Ancillary Facilities:

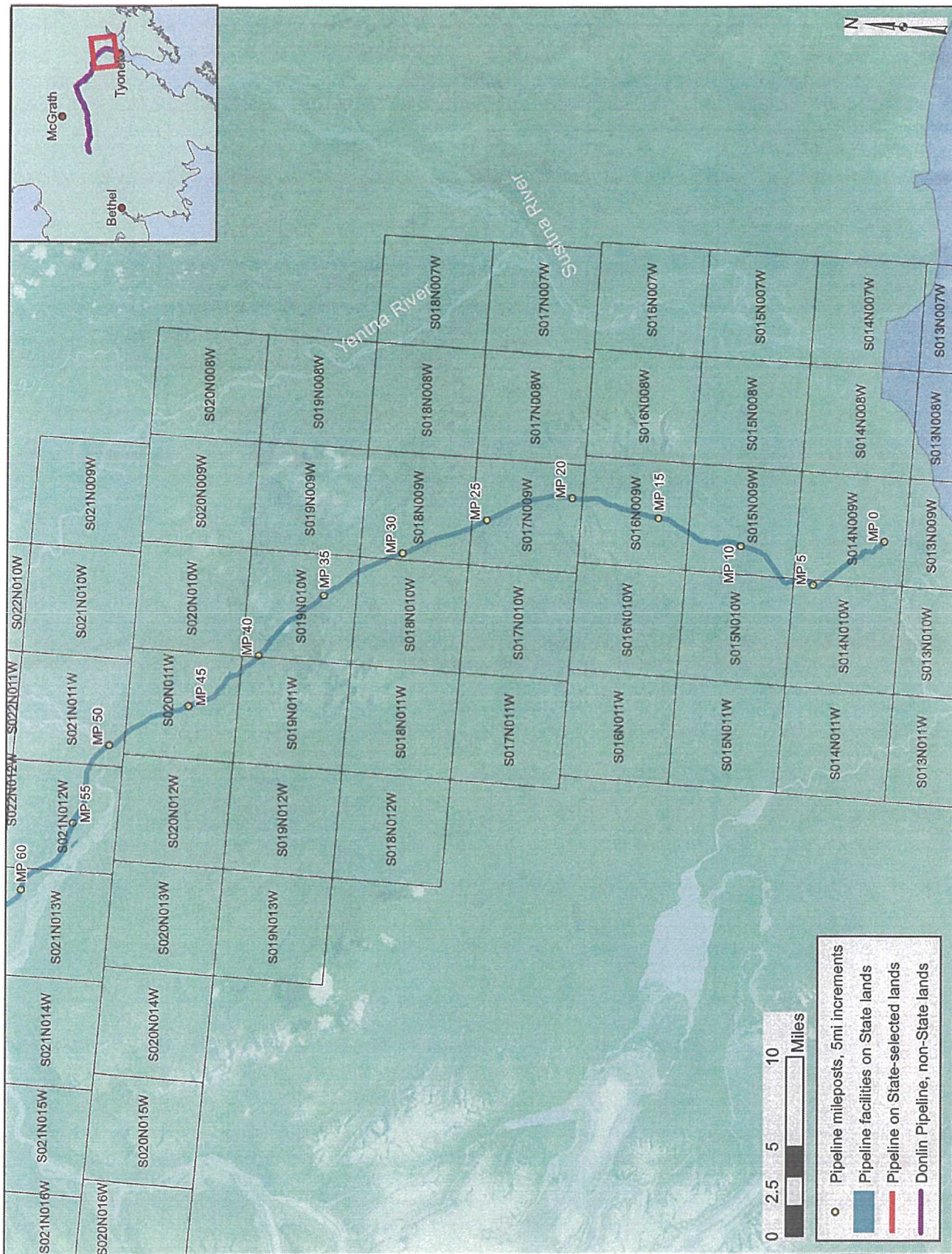
Township 14 North, Range 10 West, Section 1
Township 15 North, Range 10 West, Section 36
Township 15 North, Range 9 West, Sections 4, 5, 8, 17, 20
Township 16 North, Range 9 West, Sections 3, 15, 21, 28
Township 17 North, Range 9 West, Sections 14, 15, 22, 26, 34, 35
Township 18 North, Range 9 West, Sections 18, 19, 20, 32, 33
Township 18 North, Range 10 West, Section 1
Township 19 North, Range 10 West, Sections 5, 7, 8, 14, 16, 17, 21, 22, 23, 35, 36
Township 20 North, Range 11 West, Sections 5, 9, 16, 21, 22, 26, 27, 35, 36
Township 21 North, Range 11 West, Sections 29, 30, 31, 32
Township 21 North, Range 12 West, Sections 17, 20, 21, 22, 25, 26, 27, 28, 29
Township 21 North, Range 13 West, Sections 11, 12
Township 22 North, Range 13 West, Section 32
Township 22 North, Range 14 West, Sections 19, 20, 22
Township 22 North, Range 15 West, Sections 19, 21, 23, 28, 30
Township 22 North, Range 16 West, Sections 19, 25, 26, 27, 29, 30
Township 22 North, Range 17 West, Sections 5, 6, 9, 10, 14, 15, 23, 24
Township 22 North, Range 18 West, Sections 1, 2
Township 23 North, Range 18 West, Sections 19, 34
Township 23 North, Range 19 West, Sections 2, 11, 12, 13, 24
Township 24 North, Range 19 West, Sections 7, 17, 18, 21, 27, 28, 35
Township 24 North, Range 20 West, Sections 2, 11
Township 25 North, Range 20 West, Sections 7, 8, 17, 20, 26, 27, 28, 29
Township 25 North, Range 21 West, Sections 2, 12
Township 26 North, Range 21 West, Sections 4, 10, 14, 15, 23, 26, 35
Township 27 North, Range 21 West, Sections 19, 30, 31, 32
Township 27 North, Range 22 West, Sections 2, 3, 4, 11, 13, 24, 25
Township 28 North, Range 22 West, Sections 18, 19, 30, 31, 32
Township 28 North, Range 23 West, Sections 11, 13, 14, 15, 16, 19, 20, 21, 24
Township 28 North, Range 25 West, Sections 15, 16, 22, 23, 25, 26, 36

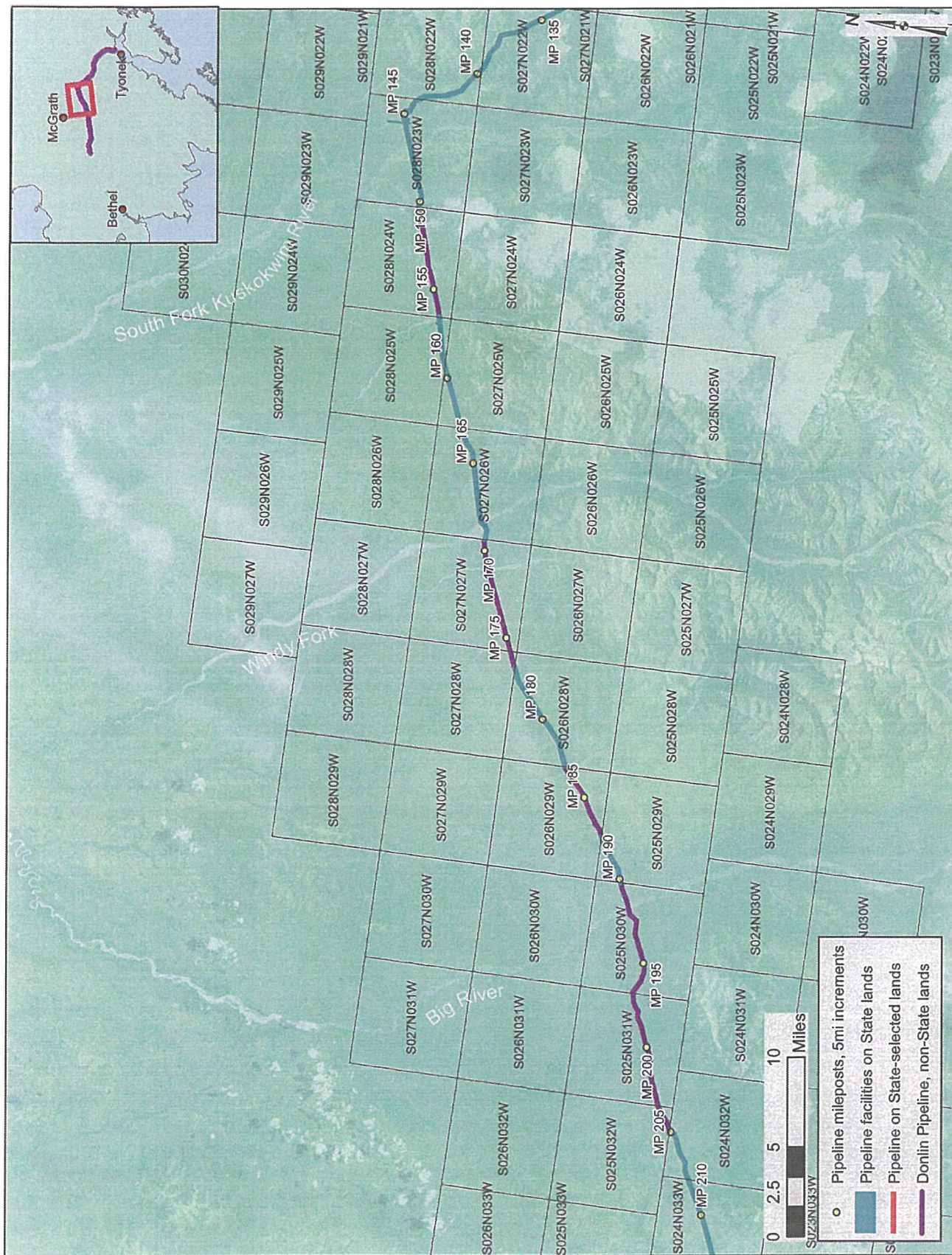
Township 27 North, Range 25 West, Sections 4, 5
Township 27 North, Range 26 West, Sections 12, 14, 17, 19, 20
Township 26 North, Range 28 West, Sections 2, 9, 10
Township 25 North, Range 29 West, Sections 5, 7
Township 24 North, Range 32 West, Section 4
Township 24 North, Range 33 West, Sections 15, 19, 29, 30
Township 24 North, Range 34 West, Sections 26, 27, 28, 30
Township 24 North, Range 35 West, Sections 27, 34
Township 24 North, Range 37 West, Section 33
Township 23 North, Range 37 West, Sections 4, 9
Township 23 North, Range 38 West, Sections 1, 2, 3, 8, 9, 11, 16, 17, 18
Township 24 North, Range 38 West, Sections 34, 35
Township 23 North, Range 39 West, Sections 11, 13, 14, 15, 16, 17
Township 23 North, Range 40 West, Section 15

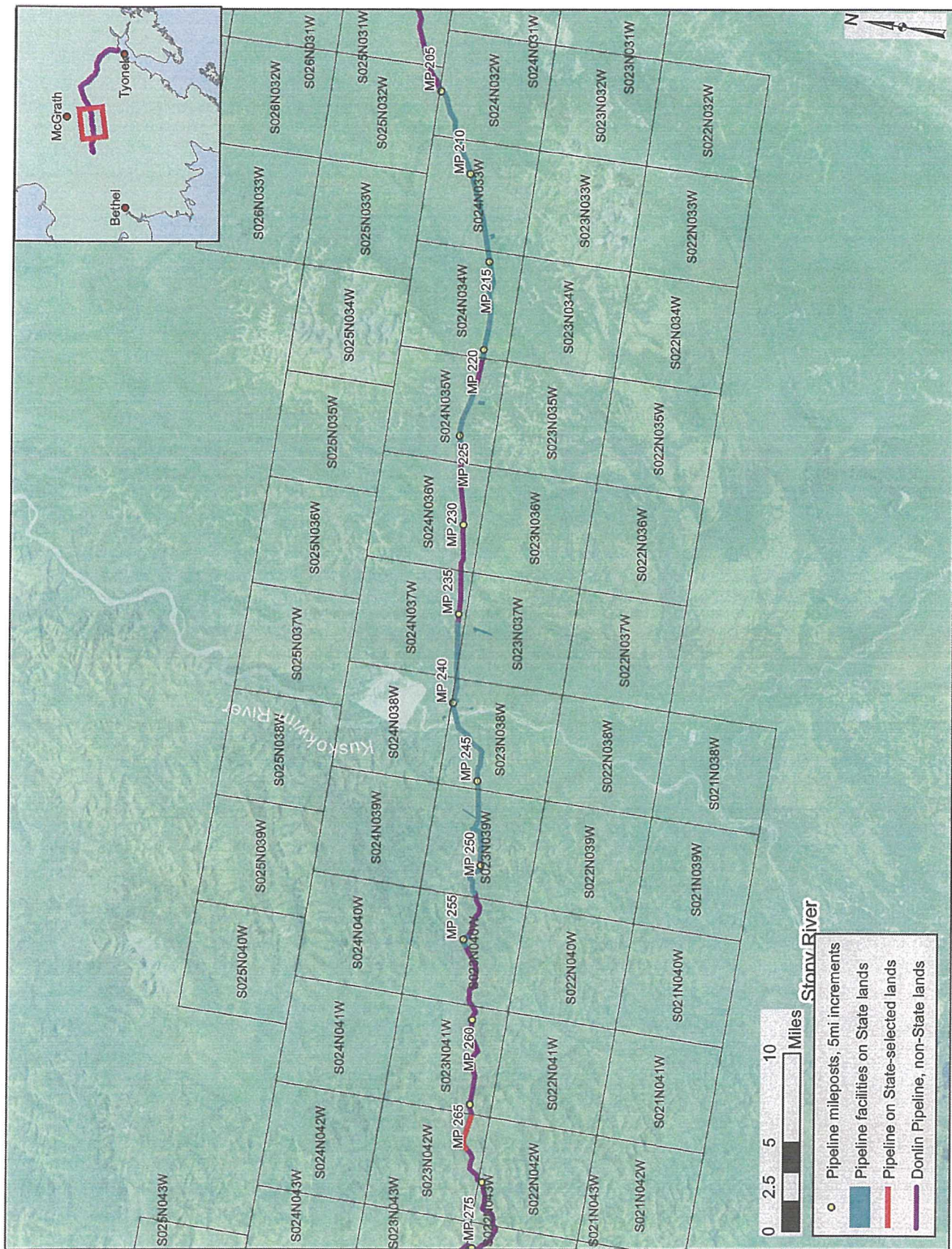
This portion of the right-of-way aggregates to 2,406 acres. All calculations are approximations based on the applicant's description of the right-of-way.

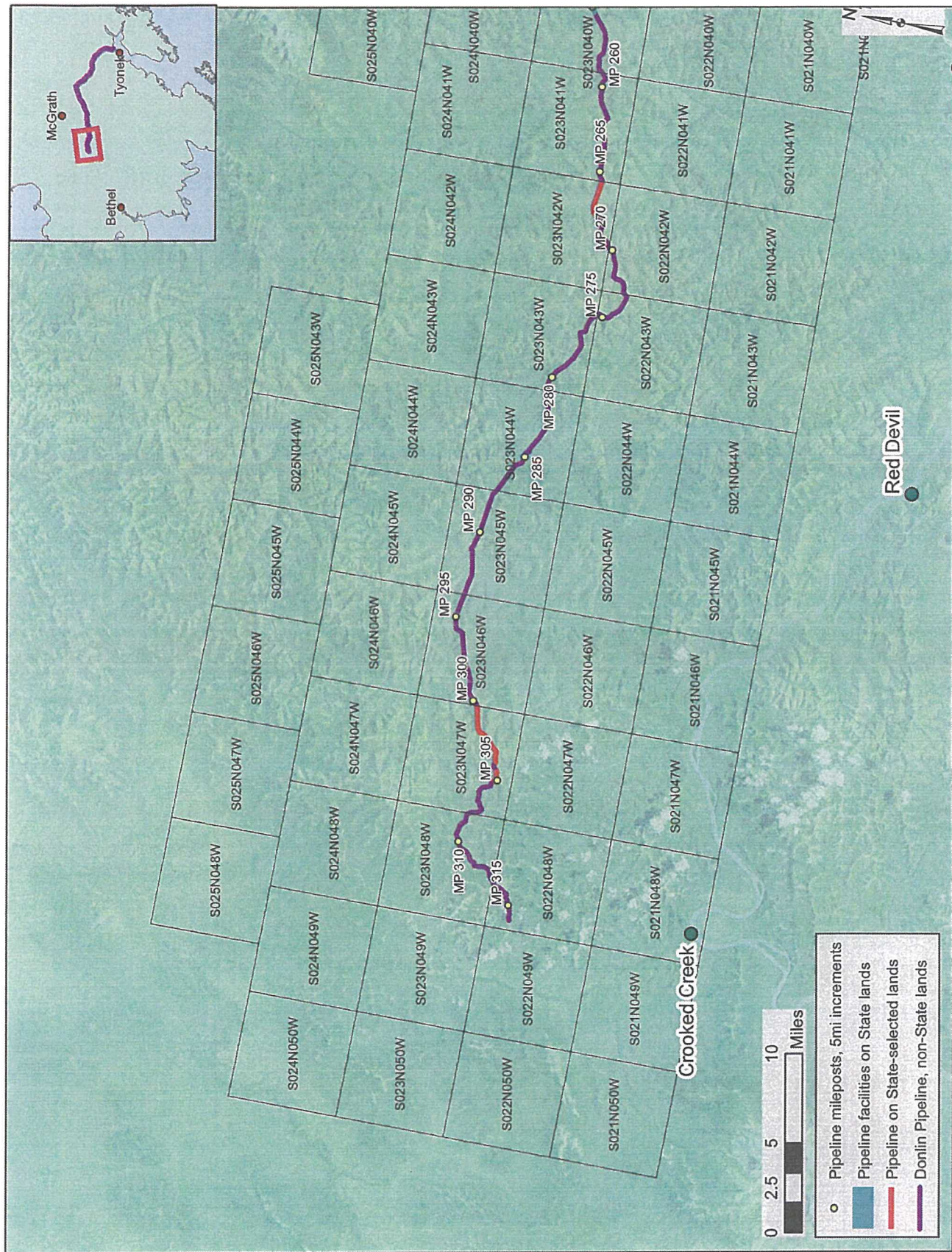
The total acreage for the Construction right-of-way (pipeline and ancillary facilities) totals 6,150 acres, more or less, and is located within the Anchorage Recording District, Mt. McKinley Recording District, and Kuskokwim Recording District.

This exhibit will be replaced with the final survey upon approval of the Release of Interests (as described within Section 27(e) of this lease) by DNR.









**EXHIBIT C
FINANCIAL ASSURANCES AGREEMENT**

**ADL 231908
DONLIN PIPELINE
RIGHT-OF-WAY LEASE
And
ADL 232368
DONLIN FIBER OPTIC
EASEMENT**

This Financial Assurances Agreement, as amended or otherwise modified from time to time (the "Agreement"), is entered into as of _____, 2020 (the "Effective Date") by and between the Alaska Department of Natural Resources ("DNR"), and Donlin Gold LLC ("Donlin"), the Parties to this Agreement. This Agreement is made in support of Donlin's obligations arising under lease agreement, ADL 231908 (the "Lease"), between DNR and Donlin and is attached to and made part of that lease agreement. This Agreement is also made in support of Donlin's obligations under easement authorization, ADL 232368 (the "Easement"), between DNR and Donlin and is attached and made part of that authorization. DNR is entering into this Agreement under the authorities of AS 38.35.015 and AS 38.05.850, respectively.

DNR and Donlin hereby agree as follows:

1. Determination of Securities

- 1.1 To provide a source of funds to guarantee that all expenses associated with Donlin's obligations under the Lease and Easement, Donlin will obtain and provide bonding¹ and insurance as outlined below.
- 1.2 Bonding will be furnished to cover reclamation and closure obligations required under the terms of the Lease and Easement as identified in this Agreement. Bond amounts will be determined pursuant to Section 2 of this Agreement and shall be reviewed and, if applicable, revised at regular intervals as provided in Section 2 of this Agreement.
- 1.3 Bonding will be put in place prior to beginning construction to cover the cost to reclaim disturbed State lands. Those obligations may be fulfilled by the State of Alaska pursuant to section 20 of the Lease or reimbursed from bonds as outlined in Section 5 of this Agreement if Donlin defaults on its lease obligations. Construction bonding may be approved by construction segments, as appropriate, pursuant to Section 3 of this Agreement. DNR reserves the right to require additional or separate bond assurances for the Easement upon receipt of any application for amendment or assignment of the referenced Easement prior to commencement of construction.
- 1.4 Bonding will be adjusted as appropriate post-construction and prior to pipeline start-up or activation of the fiber optic cable to ensure that any pipeline obligations, including

¹ Under this Agreement, the terms "bond" and "bonding" include all forms of financial assurance that can be provided as financial assurance under this Agreement pursuant to Section 1.6.

Dismantlement, Removal, and Restoration (DR&R), can be fulfilled by the State of Alaska if Donlin defaults on its lease obligations. (See Sections 2 through 4 for further details.) DNR reserves the right to require additional or separate bond assurances for the Easement upon receipt of any application for amendment to assignment of the referenced Easement following completion of construction.

- 1.5 Insurance is required to cover potential costs of unforeseen or unplanned obligations that may arise from actions such as spills or accidents. Donlin will be required to obtain and furnish liability and property damage insurance from a company licensed to do business in the state, with the State of Alaska listed as additionally insured, for the life of the project.
- 1.6 The following instruments are acceptable forms of financial assurance:
 - 1.6.1 Corporate Surety from a corporation authorized to issue performance and reclamation bonds in the State of Alaska
 - 1.6.2 Performance bond (cash or CD)
 - 1.6.3 Letter of Credit from an approved financial institution
 - 1.6.4 Other alternative form of financial assurance approved by DNR in writing prior to issuance
- 1.7 Any reference herein to “bonds” or “bonding” shall also include the acceptable forms of financial assurance provided in Section 1.6
- 1.8 The form of financial assurance selected by Donlin must be recorded with the Division of Oil and Gas and the DNR Division of Mining, Land and Water (DMLW).

2. Determination of Bonding Amounts

- 2.1 The bonding amounts shall be determined via a mutually agreed upon bond matrix, such as the Bureau of Land Management’s Standardized Reclamation Cost Estimator (SRCE) model used to determine the bond amount for the Donlin Gold mine site. The amounts shall be a good faith estimate of all reasonably foreseeable expenses associated with Donlin’s closure and reclamation obligations under the Lease and Easement.
- 2.2 Bonding amounts shall be reviewed and (if appropriate) adjusted at least once every five (5) years and no more frequently than every twelve (12) months unless required by a change in project plans.
- 2.3 Donlin may at any time submit to DNR written notification of a change in project plans. Upon receipt of written notice of a change in project plans, DNR will initiate a review of applicable bonding amounts pursuant to this Section 2.
- 2.4 Bonding amounts will be adjusted following a review to reflect current costs; a change in project plans; any changes in conditions or requirements on site, including but not limited to

new disturbance (increase); advancement of reclamation activities (decrease) or similar changes; assignment of the Easement to another grantee; or changes in the net assets of the lessee.

- 2.5 DNR may retain a consultant to assist with the calculation of bonding amounts. All costs associated with calculating bonding amounts, including any consultant fees, shall be paid by Donlin.

3. Phased Bonding During Construction

- 3.1 Due to the length of the pipeline and fiber optic cable, planning, design, and construction will occur in segments based on construction season, natural terrain changes, or other logical break point (each a "Construction Segment"). Donlin may provide individual bonds to cover each Construction Segment or a single bond to cover the cumulative amount needed from all segments.
- 3.2 Each Construction Segment must go through the entire design and plan review process leading up the Notice To Proceed (NTP). Review of plans and issuance of NTP for construction by segments will follow the same process as outlined in the Lease.
- 3.3 During the NTP review, Donlin will provide to DNR a cost estimate with a "worst case" disturbance scenario for that Construction Segment of pipeline that will include:
- 3.3.1 Reclamation of camps, airstrips and laydown yards associated with the segment;
 - 3.3.2 Reclamation of temporary trails; and
 - 3.3.3 Closure and reclamation of an amount of trench equal to the maximum amount of open trench at any given point in time during construction.
- 3.4 Construction Segment bonding amounts must be finalized before NTP authorization will be issued for that Construction Segment. The chosen form of bond (see Section 1.6 above) must be provided and approved by DNR before construction may begin.
- 3.5 Upon completion and approval of some or all of the reclamation obligations within a Construction Segment, the bond shall be reduced by the amount of the bond estimate for those obligations (see Section 6 below).

4. Bonding During Maintenance, Operations, and Termination

- 4.1 Upon completion of construction and prior to authorization of operational start-up, Donlin will put in place a bond in the amount required to cover maintenance, operations, and closure obligations for the portion of the pipeline and fiber optic cable being put into service.
- 4.2 Operations, Maintenance, and Termination obligations will include items such as monitoring, inspections, and those activities defined by the Lease and Easement, including updates and modifications as approved by the Commissioner.

4.3 Donlin may elect to post the bond for coverage of maintenance, operations, and termination as a separate bond from any of the construction bonding that remains in place, or may adjust the amount of an existing bond to cover all outstanding bonding amounts for both remaining construction obligations, as well as maintenance, operations, and termination.

4.4 Maintenance, operations, and termination bond amounts may be reviewed and recalculated as provided in Section 2 of this Agreement.

5. Use of Bonds

5.1 The DNR Commissioner shall have the right, without further legal proceedings, to draw upon the bonds required by this Agreement to cover the costs of performance any time DNR determines that Donlin has failed to perform covered obligations under the Lease or Easement.

5.2 Prior to drawing upon a bond, the Commissioner shall notify Donlin of any failure to complete an obligation under the Lease or Easement in a timely manner and provide Donlin a reasonable opportunity to correct the deficiency. If Donlin fails or refuses to perform actions to correct the stated deficiency within the prescribed schedule after receiving notice of the deficiency, the State may use all or a portion of the applicable bond to complete the identified obligation. Use of funds pursuant to this subsection does not limit, and shall not be construed to limit, any liability of the lessee/grantee under the Lease or Easement. Use by the Commissioner of funds pursuant to this subsection does not reduce or limit the obligation of the lessee/grantee to maintain sufficient bonding.

6. Bond Adjustment and Release

6.1 Bond amounts may not be adjusted or released by Donlin except with the written consent of the Commissioner consistent with Subsection 6.3 below.

6.2 Bond amount adjustments occur when a bond is reviewed and calculations are updated and approved pursuant to Section 2 of this Agreement.

6.3 The Commissioner will consent to the release or partial release of bonds if:

6.3.1 The bond is for a Construction Segment that has been completed and remediated to the satisfaction of the Commissioner and a maintenance, operations, and closure bond has been established to cover that segment of the right-of-way and Easement (provided however that if Donlin has elected to maintain a single bond covering all activities for a Construction Segment, the bond amount will instead be reduced to reflect the completion and remediation of the Construction Segment (pursuant to Section 2) and a partial bond release for construction activities will occur); or

6.3.2 A transferee accepts the interest of the Lease and provides satisfactory financial assurances through a financial assurances agreement guaranteeing the performance of all of lessee's duties and obligations under and by virtue of the Lease; or

6.3.3 An assignee accepts the interest of the Easement and provides satisfactory financial assurances through a financial assurances agreement guaranteeing the performance of all of grantee's duties and obligations under and by virtue of the Easement; or

- 6.3.4 The Commissioner determines that Donlin has met all of its obligations arising under the Lease and should be released pursuant to sections 2(d) and 27 of the Lease; or
- 6.3.5 The DMLW Regional Manager determines that Donlin has met all of its obligations arising under the Easement and should be released upon the review and approval by the DMLW Regional Manager; or
- 6.3.6 Donlin and DNR enter into a new Financial Assurance Agreement, satisfactory to the Commissioner, guaranteeing the performance of all of lessee's/grantee's duties and obligations under and by virtue of the Lease and Easement.

7. Miscellaneous Provisions

- 7.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska, without giving effect to that state's conflicts of laws rules. The venue for any appeal or civil action relating to this Agreement shall be in the Third Judicial District of the State of Alaska.
- 7.2 This Agreement may be amended, modified, or supplemented only by a written instrument executed by the Parties.
- 7.3 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors, and assigns. However, the rights, duties, and obligations of Donlin hereunder may not be transferred, assigned, or delegated without prior written consent of the Commissioner, or Commissioner's designee.
- 7.4 Nothing in this agreement is intended to limit Donlin's obligations or liabilities arising from its tenure as lessee or grantee.

EXHIBIT D DEFINITIONS

ADL 231908 DONLIN PIPELINE RIGHT-OF-WAY LEASE

Terms having specific meaning in this Lease and its incorporated documents are indicated by capitalization. In the absence of a definition in this Exhibit D, terms shall be defined in accordance with definitions found in any applicable State statute or regulation, and otherwise in accordance with common usage.

As-Built means (for surveying purposes only) a State-approved drawing and monumentation or other document showing centerline and operational rights-of-way, including information on the location of areas of water, topography, important geographical features, elevations and VSM locations.

Commissioner means the Commissioner of the Alaska Department of Natural Resources and includes the Commissioner's delegates, when a delegation of power to administer all or a portion of the provisions of this Lease is made pursuant to AS 38.35.210.

Commissioner's Order see Order

Commissioner's Decision see Decision

Construction means all Field Activities by the Lessee or its Contractors located on the Leasehold which involve more than *de minimis* physical disturbance of the existing natural land features or conditions of the Leasehold. Construction is not limited to mean only the actual construction of the Pipeline, but also includes other disturbances such as materials movements and stockpiling, development of borrow pit areas, and the establishment of work-camps and communications facilities. Construction excludes, however, the following kinds of Field Activities: engineering surveys, soil tests, biological and other studies, and any Field Activities in connection with the Termination of the Pipeline.

Construction Segment means a portion of the Pipeline that constitutes a complete physical entity or stage, in and of itself, which can be constructed, independently of any other portion or stage of the Pipeline, in a designated area between two given geographical points reasonably proximate to one another. It is not to be construed as referring to the entirety of the Pipeline.

Contractor means any contractor or subcontractor at any tier, and the employees, representatives, and agents of such a contractor.

Decision means any written determination, approval, rejection, or consent issued by the Commissioner, or an authorized delegate, that is in response to a proposed action or request from the Lessee. All Decisions shall state whether the Lessee's proposed action or request is approved/granted or rejected/denied and the basis of that conclusion.

Design Basis and Criteria means approved design documents and project criteria necessary to delineate the project to be constructed. At a minimum, it shall include: criteria to be used in the final design and project concepts; evaluation of data used to establish the design criteria; drawings showing functional and technical requirements; reports of all test data compiled during the data collection and design criteria

evaluation; standard drawings (if applicable) or drawings to support structural design concepts of each typical facility or structure; proposed construction modes; outline of project specifications; sample computations to support the design; concepts and bases for project siting; and commitments to performance standards. The Design Basis and Criteria must address the pipeline and all related facilities included in the Leasehold.

Existing Contamination means Hazardous Substances present at the Site prior to Lessee's initial Field Activity on the Site.

Field Activity means any Lease-related activity conducted on or in direct support of activities on the Leasehold by the Lessee.

Field Representative means an employee, Contractor, agent, or representative of the Lessee, appointed in writing by the Lessee, with notice to the State, to receive notices and Orders from the Commissioner at any location not part of the Lessee's urban administrative offices.

Final Design means completed design documents suitable for construction including plans and specifications; proposed construction modes; operational requirements necessary to justify designs; design analysis; engineering criteria; and other considerations pertinent to design.

Fish Rearing Areas means those areas inhabited by fish during any life stage.

Fish Spawning Beds means those areas where anadromous and resident fish deposit their eggs.

Hazardous Substance or Hazardous Material means any solid, liquid, or gas that is defined as hazardous under local, State or federal laws or regulations. Specifically, any substance defined as hazardous under Alaska Department of Labor, Alaska Department of Environmental Conservation, U.S. Environmental Protection Agency (EPA), U.S. Occupational Safety and Health Administration (OSHA), U.S. Department of Transportation (USDOT), and U.S. Food and Drug Administration (FDA) laws and regulations shall be considered hazardous under this Lease.

Immediate Notification (or Immediately Reporting) means notification to the State Pipeline Coordinator's Section immediately following notification of agencies with primacy and responding agencies. If the State Pipeline Coordinator's Section has primacy and there are no other responding agencies, notification should occur as soon as practicable after an event has occurred.

Immediately means as soon as practicable after an event has occurred.

Initial Construction means all Construction performed by the Lessee or its Contractors that is conducted prior to the first start-up and Operation of the Pipeline.

Lease means the instrument or extension of an instrument issued by the Commissioner granting a Leasehold interest in State Land for pipeline right-of-way purposes to a Person and authorizing the construction or operation of, or transportation, service or sale by a pipeline for natural gas.

Lease Anniversary Date means the same day and month as the date this Lease is effective, in each subsequent year that this Lease is in effect.

Leasehold means the State Lands subject to this Lease as those lands are identified in Exhibit B of this Lease and any amendments, modifications, and subsequent renewals.

Lessee means Donlin Gold, LLC or its successors and/or assigns holding an undivided ownership interest in the right-of-way in accordance with the provisions of this Lease.

Maintenance means activities associated with ensuring that the Pipeline meets the intended functions, keeps the Pipeline in good repair, and meets all legal, government, and regulatory requirements. This may involve repairs, fixes, replacement of parts, and upgrades.

Natural Gas as defined in AS 38.35.230(5).

Notice to Proceed means a permission to initiate Initial Construction that is issued in accordance with the Stipulations set forth in Exhibit A of this Lease.

Operation(s) means all activities connected with the transportation of Natural Gas through the Pipeline including Maintenance of the Pipeline.

Order means any written order, action, demand, direction, or requirement issued by the Commissioner to the Lessee which is needed to enforce or implement the provisions of this lease. Orders shall be in accordance with lease section 17.

Overwintering Areas means those areas inhabited by fish between freeze-up and break-up.

Person(s) has the same meaning as given in AS 01.10.060(a)(8).

Pipeline has the same meaning as given in AS 38.35.230(7).

Pipeline Activities means activities involving and related to Construction, Operation, Maintenance, and Termination of the Pipeline or any part of the Pipeline.

Pipeline Coordinator means that officer operating under written delegation of authority from the Commissioner with the authority and responsibility of administering a portion or all of the provisions of this Lease.

Programmatic Agreement is a document executed June 28, 2018 with the State of Alaska Office of History and Archaeology and other affected parties that spells out formal agreements for the protection and treatment of cultural resources affected by the Donlin Gold Project.

Project Management Schedule means a time-scaled schedule for the entire project.

Quality Management Program means the programmatic application of planned, systematic quality activities to ensure that the project will employ processes needed to satisfy the commitments and requirements necessary to ensure the integrity of the Pipeline, conform with lease and regulatory requirements, and meet mandated standards for health, safety, and the environment.

Restoration means the return of a disturbed site on the Leasehold upon completion of use by the Lessee to a physical and biological condition consistent with applicable State and Federal law, regulations and policies at the time, and to the extent acceptable to the Commissioner but in any event no better than its condition prior to the issuance of this Lease nor to original contours. Restoration includes, where appropriate, erosion and sedimentation control, stabilization, habitat reconstruction, Revegetation, and visual amelioration.

Revegetation means the reestablishment of native plant cover, unless non-native plant cover is required as a temporary means to reduce erosion, and reestablishment of conditions suitable for native plants on disturbed lands in a manner consistent with applicable State and federal law and regulations and to the extent acceptable to the Commissioner. Methods or techniques to accomplish this include, but are not limited to, surface protection and preparation, fertilizing, seeding, planting, mulching and watering, and utilizing local growing conditions to dictate the timing for establishment of vegetative cover.

Sites means a specific area of the Leasehold selected for a particular operation or use by the Lessee in accordance with the terms of the Lease.

State means the State of Alaska.

State Land(s) has the same meaning as given in AS 38.35.230(9).

Surveillance and Monitoring Program means an approved set of procedures created to ensure that all activities associated with the Pipeline will protect public health and safety, prevent and control damage to natural resources, prevent and control project-related erosion, maintain Pipeline integrity, control damage to public and private property, and avoid conflict to existing land uses. This program shall include, but not be limited to, inspection and maintenance schedules and procedures, Pipeline performance reviews, and other activities as needed to demonstrate that the Pipeline is operating safely.

Termination means all activities connected with the expiration or completion of use of the right-of-way.

Written Authorization(s) means any Decision, other than a Notice to Proceed, authorizing or approving an action and may include associated mitigation measures or stipulations.