

EXHIBIT C

W 40783

AGREEMENT RESOLVING PAYMENT FOR REMOVAL OF AGGREGATE FROM THE STATE'S INTEREST IN THE JACOBSON MINING OPERATION NEAR BAKER, SAN BERNARDINO COUNTY

This Agreement Resolving Payment for Removal of Aggregate from the State's Interest in the Jacobson Mining Operation near Baker, San Bernardino County (Agreement) is made and entered into by and among ACJ True Grit, LLC (True Grit), successor to Jacobson Construction Company (Jacobson); Granite Construction Company (Granite); and the California State Lands Commission (Commission) and is effective on the date it is executed by all parties.

The State of California holds a 1/16th mineral interest in lands in the SW 1/4 of Sec. 36, T14N, R8E, SBB&M, in San Bernardino County near Baker. The State reserved this mineral interest when it sold these lands in 1932. The reservation of this 1/16th mineral interest was required by Chapter 303 of the California Statutes of 1921 (Chapter 303). Chapter 303 also provides how the landowner shall compensate the State in the event the landowner leases the land for mineral development. The Commission has jurisdiction over and administers the State's reserved mineral interest.

The State's reserved mineral interest is located in Assessor's Parcel Number (APN) 544-261-10 containing 44.90 acres and is owned by True Grit, as

successor to Jacobson. Within a portion of this 44.90-acre parcel is a portion of the Jacobson quarry, a source of rock, sand and gravel (aggregate). The quarry extends into other parcels also owned by True Grit but in which the State has no reserved mineral interest.

In 2002, Jacobson entered into a lease with Granite covering the Jacobson lands (now True Grit lands), including the lands in APN 544-261-10 in which the State holds a 1/16th mineral interest and Jacobson has a 15/16th mineral interest. Granite obtained the lease so that it could extract aggregate from the Jacobson lands for use on a construction project for Caltrans involving the repaving of Interstate 15 northeast of Baker. Under the provisions of Chapter 303, Jacobson could enter into the lease that included the State's reserved mineral interest without the consent of the Commission but Jacobson is required to pay to the Commission "an undivided one-sixteenth of the mineral produced or the value thereof at the well or mine."

Granite began mining operations on the Jacobson lands. Granite mined the Jacobson lands as a single mineral source and did not segregate what it took from the lands subject to the State's reserved mineral interest and what it took from the rest of the lands. Jacobson kept no records of the amounts of aggregate removed from the State mineral interest lands. When mining under the lease ended in 2007, Granite used the mining waste as back fill to reclaim the lands. This made it impossible to make any after the fact determination of the volume of aggregate removed from the State mineral interest lands.

There was substantial disagreement between the Commission and Jacobson about the nature of the State's interest created by Chapter 303 and about the meaning of the language in Chapter 303 describing how the minerals produced from lands subject to that interest should be valued. The Commission and Jacobson were unable to agree on a price for valuing the aggregate attributable to the State's reserved mineral interest when mining operations were begun, and this impasse continued through the time when mining operations ended and the land was reclaimed. Jacobson's lease with Granite, however, contained a provision that Granite would agree to pay "California State Lands Commission royalties for material permanently removed from the premises under this lease up to a maximum of \$80,000."

The parties to this Agreement believe that some compensation is due the Commission for the extraction of minerals from the lands subject to the State's 1/16th mineral interest, that an attempt to calculate a reasonable volume of minerals extracted from the lands subject to the State interest is impossible at this time and that there is substantial disagreement over the nature of the State's interest and the value that should be placed on the minerals extracted from it. Therefore, it is in the best interests of all parties to resolve this matter.

Therefore, for good and valuable consideration, the parties agree:

1. Within 30 calendar days after the execution of this Agreement by all parties, True Grit or Granite shall pay to the Commission the sum of \$80,000. Payment shall be made by check payable to the California State

Lands Commission and shall be sent to the Commission's Long Beach office at 200 Oceangate, 12th Floor, Long Beach, CA 90802-4331.

Payment of this amount by True Grit or Granite shall be payment in full of the amount due the State for the removal of aggregate by Granite from the State's 1/16th reserved mineral interest on the Jacobson lands from 2002 through 2007.

2. The Commission, True Grit and Granite release any and all claims they may have against each other in connection with the removal by Granite of aggregate from the State's 1/16th reserved mineral interest on the Jacobson lands from 2002 through 2007.
3. True Grit shall give the State advance notification of any future mining or other extraction activities it may undertake or may permit some third party to undertake on any of its lands subject to the State's 1/16th reserved mineral interest and shall enter into an agreement with the Commission for payment of the value of the State's 1/16th reserved mineral interest in whatever minerals are mined or extracted from these lands before any mining or other extraction activities are begun.
4. This Agreement is made for the sole purpose of settling this specific dispute among the parties. Nothing in this Agreement is intended to be

indicative of any party's interpretation of Chapter 303 or any other law relating to the State's 1/16th reserved mineral interest created by Chapter 303, and nothing in this Agreement shall be used by any party or any third party for the purpose of showing its or anyone else's interpretation of such law.

Dated: _____, 2009

ACJ True Grit, LLC

Joni Jacobson, Managing Member

Dated: _____, 2009

Granite Construction Company

Dated: _____, 2009

California State Lands Commission

Gregory D. Scott, Chief
Mineral Resources Management Division