

SECOND WATER LEASE AGREEMENT

This Second Water Lease Agreement ("Second Lease"), is entered into this 12th day of November, 2015 by GCC Energy, LLC, a Colorado limited liability company ("GCC"), whose address is P.O. Box 2827, Durango, CO 81302, 4424 County Road 120, Hesperus, CO, and Huntington Ranches, LLC, a Colorado Partnership, whose address is 8796 CR 120, Hesperus, CO 81326 ("Huntington").

RECITALS

A. GCC operates a coal mine located in Sections 19, 24, 25, 26, 35, and 36 in T34N, R21W, NMPM, La Plata County, Colorado. Said operations require water for dust suppression and for the domestic needs of GCC's employees.

B. Huntington owns Class A shares of stock in the Hay Gulch Ditch, Inc., that entitle Huntington to a portion of the water diverted pursuant to the Priority No. 3 water right (February 8, 1888 appropriation date) decreed to the Hay Gulch Ditch ("HGD") in Civil Action 807, by the La Plata County District Court on January 12, 1889 ("Class A Shares").

C. The parties previously entered into a Water Lease Agreement dated February 20, 2008, and recorded under Rec. No. 972525 ("First Lease") whereby Huntington leased to GCC 15 acre-feet of fully consumable water attributable to Huntington's Class A shares ("First Lease Water"). GCC changed the First Lease Water in Case No. 07CW100 (District Court, Water Division 7), whereby 12 acres of Huntington land were removed from irrigation by its Class A shares, thereby making available 14.07 acre-feet of consumptive use water at full supply for use in GCC's coal mine operations, which can be used directly or stored for future use. In addition, GCC obtained storage rights for an additional 20 acre-feet of water to be diverted from the La Plata River when in priority.

D. Pursuant to the terms and conditions set forth in this Second Lease, the parties desire for GCC to lease and use additional water attributable to Huntington's Class A Shares as described herein.

NOW THEREFORE, in consideration of the terms and conditions herein, and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Lease and Delivery of Water to GCC.

1.1 Amount of Water Leased. Huntington hereby leases to GCC the consumptive use ("CU") of its Class A Share water associated with the 44 acres of Huntington's irrigated land described on Figure 1 ("Dry Up Land"). Based on work to date performed by Harris Water

Engineering, the parties anticipate that the 44 Acres will yield 68.79 acre-feet of CU when the HGD has a full supply, and 50 acre-feet of CU on average based on the historical supply diverted through the HGD. This water is referred to herein as the "Second Lease Water" and is in addition to the First Lease Water that GCC has leased under the First Lease. GCC acknowledges that the amount of water delivered to GCC annually will vary depending upon the available stream flow and administrative curtailment of the HGD water.

1.2 Expansion of Huntington Reservoir. Huntington owns and operates a reservoir on Huntington land in the location described on Figure 2. Huntington shall deepen, enlarge, and expand the reservoir so that it will hold an active capacity of water of at least 40 acre-feet ("the Reservoir"). The Reservoir shall be lined to minimize seepage. The Reservoir shall include all necessary infrastructure to divert water from the HGD into the Reservoir, store water in the Reservoir, deliver water from the Reservoir to GCC, and as required by Division of Water Resources for administration or by the water decree to be obtained for the Reservoir and the change of the Class A shares leased hereunder ("the Decree"). The Reservoir shall be constructed by a reputable contractor in accordance with the design specifications from Harris Water Engineering, which the parties shall review and approve prior to construction. GCC shall fund the cost of all Reservoir improvements described in this Section, by paying contractors directly as invoices come due, and/or by deposits to contractors as required. All Reservoir contractors, and their contracts related to the construction, must be approved by Huntington and GCC.

1.3 Huntington Water Delivery to GCC and Operation of Reservoir.

(a) During the irrigation season, Huntington shall deliver directly to GCC the amount of First Lease Water and Second Lease Water needed to meet GCC's water needs, subject to legal and physical availability of water and the terms of this Lease. Any amount of the First Lease Water and Second Lease Water not immediately needed to meet GCC's water needs during the irrigation season shall be stored in the Reservoir to meet future needs of GCC, subject to Section 1.3(c) below. In addition, any amount of GCC's 20 acre-feet of storage rights decreed in 07CW100, along with any additional storage rights to be obtained by GCC, shall be diverted into the HGD when in priority and stored in the Reservoir, or delivered directly to GCC, to help meet its water needs during the non-irrigation or the irrigation season. The First Lease Water, Second Lease Water, and GCC storage rights described herein are collectively referred to as "GCC Water Rights")

(b) Huntington shall be responsible for operating the Reservoir for the benefit of GCC, including but not limited to, working with the Hay Gulch Ditch Company to divert GCC Water Rights from the La Plata River into the HGD, diverting water into the Reservoir from the HGD, storing water in the Reservoir, delivering water to GCC, and measuring and accounting for the water stored in and delivered from the Reservoir, and the water delivered directly to GCC, as required by DWR and the Decree. Huntington shall also prepare and file any accounting reports

of water operations and water use as required by the Decree and DWR, after sending said reports to GCC for its review and approval. Huntington shall deliver water from the Reservoir to GCC, as required to satisfy GCC's water demands.

(c) Any Second Lease Water that is not immediately needed to satisfy GCC's water needs, and which cannot be stored in the Reservoir due to the Reservoir being already full, may be used by Huntington for the historic uses of irrigation or stockwatering on Huntington lands, subject to any restrictions in the Decree or imposed by DWR.

(d) On or before November 1st of each year, GCC shall notify Huntington of the amount of water GCC estimates it will need for the upcoming year, on a monthly and daily basis, and Huntington shall plan its diversions, Reservoir storage and deliveries to GCC in accordance with such estimate. If GCC does not so notify Huntington, Huntington shall plan in accordance with the last water need estimate provided by GCC. After the November 1st notice, GCC may change its water need estimate at any time by providing further notice to Huntington, provided that GCC shall pay for any water that Huntington delivered to GCC in accordance with GCC's prior estimate.

(e) In the event Huntington does not fulfill the functions required hereunder to deliver water to GCC, and to comply with the Substitute Water Supply Plan (SWSP) and the Decree, GCC shall provide written notice to Huntington of any deficiencies and thirty (30) days to cure. If Huntington does not cure any deficiencies within that time, or if the parties have not agreed upon a plan for cure during that time, then GCC may take over the functions allocated to Huntington hereunder, and GCC shall have any easements over Huntington land necessary to fulfill said functions. In the case of any emergencies, the notice and cure period set forth herein shall not apply. GCC may deduct the actual costs it incurs in fulfilling any of Huntington's obligations from its lease payments as required under Section 6, including but not limited to costs of its staff time and contractors to perform said obligations. GCC shall have the right to enter Huntington land to inspect the Reservoir, and any other facilities pertinent to this Lease, upon reasonable advance notice to Huntington, except in cases of emergency.

1.4. Priority of Leased Water and Allocation of Additional Shares in Times of Shortage. To ensure that GCC consistently receives all of the water that it is leasing under this Agreement, the Parties may agree that Huntington prioritize first its obligation to deliver the consumptive use water leased by GCC annually. Such agreement may require Huntington to curtail its water use under the Hay Gulch Ditch on its other lands during times of shortage.

2. **Change of Water Right.**

2.1. Consent. In order to use the Second Lease Water for dust suppression and domestic purposes at GCC's mining facility, GCC must obtain the Decree approving a change of water right for the Second Lease Water. Huntington authorizes GCC to file a water application

and obtain the Decree, with a scope as outlined in Section 2.3 below. Prior to the court's entry of the Decree, Huntington authorizes GCC to seek and obtain administrative approval to use the Second Lease Water in a Substitute Water Supply Plan, so long as said plan complies with this Agreement and the scope of the change set forth herein.

2.2. Responsibility of Parties In Change Case. GCC shall be solely responsible for obtaining any approvals required for it to use the Second Lease Water under this Agreement. GCC shall be responsible for filing the application for a change of water rights and for obtaining the Decree approving the change of water rights requested. Huntington agrees to cooperate with GCC's water court application process, to not object to the Application or the relief requested therein, and to assist GCC in obtaining the approval of the Hay Gulch Ditch, Inc., for said change of water right, so long as the change of water right requested by GCC does not exceed the scope set forth herein. Huntington also agrees to cooperate with GCC's request for approval of a Substitute Water Supply Plan and to not object to said request, so long as the same is made in accordance with the scope set forth herein.

2.3. Scope of Change. The change of water right application and SWSP filed by GCC for the Second Lease Water shall request the following: 1) change the Second Lease Water and related Class A shares for use by GCC for commercial, industrial, and domestic purposes in relation to its mining facility, in addition to the decreed use of irrigation; 2) require the Dry-Up Land to be dried up for the duration of this Lease, or, if allowed by DWR and the Decree, only the portion of the Dry-Up land associated with the amount of Second Lease Water used by GCC in a particular year; 3) adjudicate the Reservoir and GCC Water Rights as sources for filling the Reservoir. The point of diversion of the Second Lease Water from the La Plata River will not be changed, but the point at which GCC takes delivery of the Second Lease Water will be changed.

3. Dry-Up. Huntington agrees to remove from irrigation the Dry Up Land in order to yield the amount of water leased under this Agreement. The lands removed from irrigation will be subject to a dry-up covenant that will prohibit the irrigation of said lands for the term of this Lease, except that, if GCC does not need all of the Second Lease Water in a particular year, either for direct use or storage in the Reservoir, Huntington may continue to use such unused water for irrigation on the Dry-Up Land, if allowed by and subject to any restrictions in the Decree or imposed by DWR.

4. Lease Term. The term of this Water Lease Agreement shall begin on the date a Substitute Water Supply Plan is administratively approved or on the date the court enters the Decree, whichever is sooner. The Lease term shall extend for the life of GCC's mining operations in Hay Gulch, subject to early termination as set forth in Section 5 below.

5. Termination.

5.1. Huntington. Huntington may terminate this Agreement:

(a) at any time for an uncured breach of the Agreement, as provided in Paragraph 7.1., by providing GCC a written Notice of Termination; or

(b) upon mutual written agreement of both parties.

5.2. GCC. GCC may terminate this Agreement:

(a) at any time for an uncured breach of the Agreement, as provided in Paragraph 7.2., by providing Huntington a written Notice of Termination;

(b) upon providing one year (1) year prior notice to Huntington, provided that the Agreement cannot be terminated under this provision until the Lease has been in effect for at least five (5) years;

(c) by giving written notice to Huntington within sixty (60) days of a final determination by the Water Court that the water to be delivered under this Agreement cannot be used to supply GCC's water needs; or

(d) upon mutual written agreement of both parties.

In the event GCC terminates as set forth in this Section 5.2, GCC shall not owe any additional payment to Huntington for water that would have been delivered following the date of the Notice of Termination.

5.4. Recording. Upon termination of this Agreement, the terminating party shall promptly record the Notice of Termination with the La Plata County Clerk and Recorder.

6. **Payment.** See Attachment A, attached hereto and incorporated herein.

7. **Default.**

7.1 By GCC. In the event of a breach of this Agreement by GCC, Huntington shall provide written notification to GCC of the occurrence of the breach, pursuant to Paragraph 9 below, and may terminate this Agreement pursuant to Paragraph 5.1., above, if GCC fails either to cure the breach or to reach an agreement with Huntington addressing GCC's cure of the breach, within thirty (30) days of said notification. Huntington may pursue any legal or equitable remedies that it may have against GCC for breach of this Agreement.

7.2 By Huntington. In the event of a breach of this Agreement by Huntington, GCC shall provide written notification to Huntington of the occurrence of the breach, pursuant to Paragraph 9 below, and may terminate this Agreement pursuant to Paragraph 5.2. above, or take

such action as set forth in Section 1.3(e), if Huntington fails either to cure the breach or to reach an agreement with GCC addressing Huntington's cure of the breach, within thirty (30) days of said notification; provided that such notice and cure shall not apply in the event of an emergency. GCC may pursue any legal or equitable remedies that it may have against Huntington for breach of this Agreement, including specific performance.

8. Force Majeure. Notwithstanding anything to the contrary, GCC agrees to not hold Huntington responsible for any losses or damages incurred by GCC, its successors or assigns, as a result of Huntington's inability to perform hereunder due to the following causes, if beyond Huntington's direct or indirect control and when occurring through no direct or indirect fault of Huntington: acts of God, natural disasters, actions or failure to act by governmental authorities, major equipment or facilities breakdown, and changes in Colorado or federal law.

9. Notice.

All notices required or permitted under this Agreement shall be in writing and shall be either personally served, sent by overnight courier service, first class mail postage prepaid, or by email at such addresses and numbers the parties may provide to each other in writing. Any such notice shall be deemed effective when: (a) such notice is actually received, if notice is personally served; (b) one day following notice being delivered to an overnight courier service; (c) two days following the date of deposit in the United States mail; or (d) upon verification of transmission if sent by email. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Notices to the parties shall be sent to the addresses set forth below, or such other addresses as the parties may designate from time to time by notice to the other party:

DKH
Hesperus
GCC Energy, LLC
c/o Trent Peterson
6473 CR 120
Durango, Colorado 81301
Email: tpeterson@gcc.com

Huntington Ranches, LLC
c/o Dan Huntington
8796 CR 120
Hesperus, CO 81326
Email: daneva@myapplemail.com

10. Real Covenant. This Agreement shall be a real covenant that runs with Huntington's water rights and Huntington land and binds successors in interest thereto. After this Agreement is executed, GCC shall promptly have it recorded by the La Plata County Clerk and Recorder, or in the alternative, GCC may record a Memorandum of Lease which identifies this Lease.

11. General Provisions.

11.1. Choice of Law and Venue. The provisions of this Agreement shall be construed

and enforced in accordance with the laws of the State of Colorado, and the venue for any dispute shall be in District Court, La Plata County, Colorado, and Colorado appellate courts, if necessary.

11.2. Assignment. This Agreement shall inure to the benefit of and be binding upon the parties, their respective representatives, successors and assigns.

11.3. Entire Agreement. This Agreement supersedes all prior agreements between the parties and represents the complete and entire agreement between the parties concerning the subject matter hereof. This Agreement may be amended only by a written instrument signed by the parties.

11.4. Severability. If any provision of this Agreement is held invalid or unenforceable, no other provision shall be affected by such holding, and all of the remaining provisions of the Agreement shall continue in full force and effect.

11.5. Recitals. The Recitals are hereby incorporated into and are made a part of this Agreement

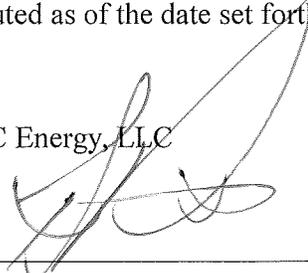
11.6. Headings. The headings of the paragraphs in this Agreement are for convenience only and shall not affect the covenants contained therein

11.7. Counterparts. This Agreement may be signed in counterparts. When each party to this Agreement has executed a copy, such copies taken together shall be deemed to be the full and complete agreement of the parties. Faxed or emailed signatures shall have the same force and effect as original signatures.

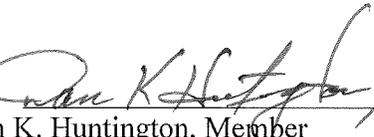
11.8. Entity Authority. The parties certify that the individuals signing this Agreement have been duly authorized to sign this Agreement on behalf of their respective entities.

Executed as of the date set forth above.

GCC Energy, LLC

By: 
Trent Peterson, Vice President

Huntington Ranches, LLC

By:  Mbr
Dan K. Huntington, Member

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

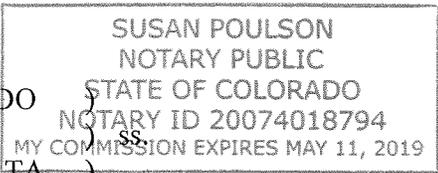
The foregoing instrument was acknowledged before me this 11 day of Nov,
2015, by Trent Peterson, Vice President of GCC Energy, LLC.

Witness my hand and official seal.

My commission expires: 5-11-19

Susan Poulson

Notary Public



STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 12 day of Nov,
2015, by Dan K. Huntington, Member of Huntington Ranches, LLC.

Witness my hand and official seal.

My commission expires: 5-11-19

Susan Poulson

Notary Public

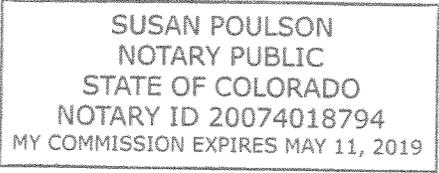
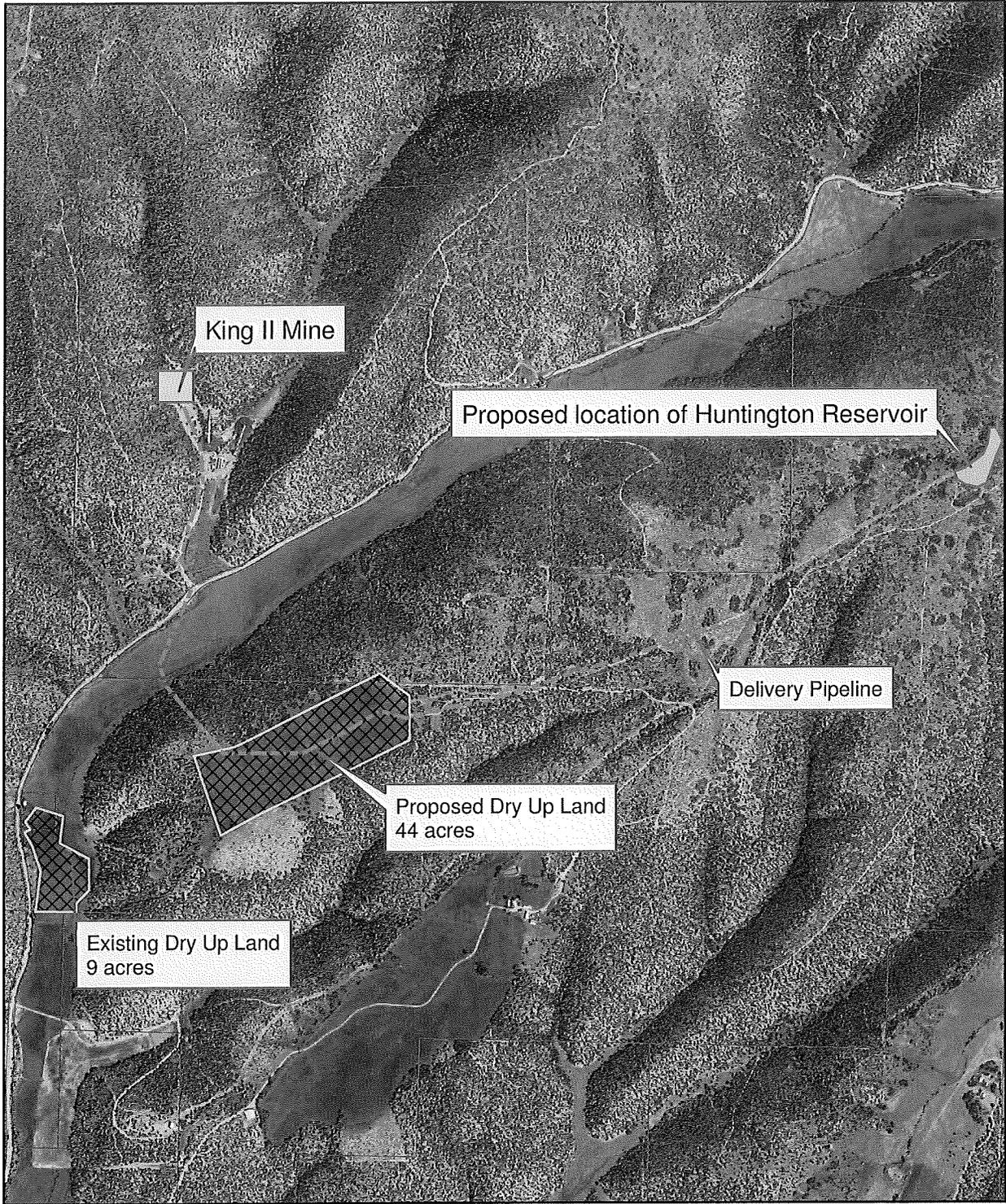


Figure 1

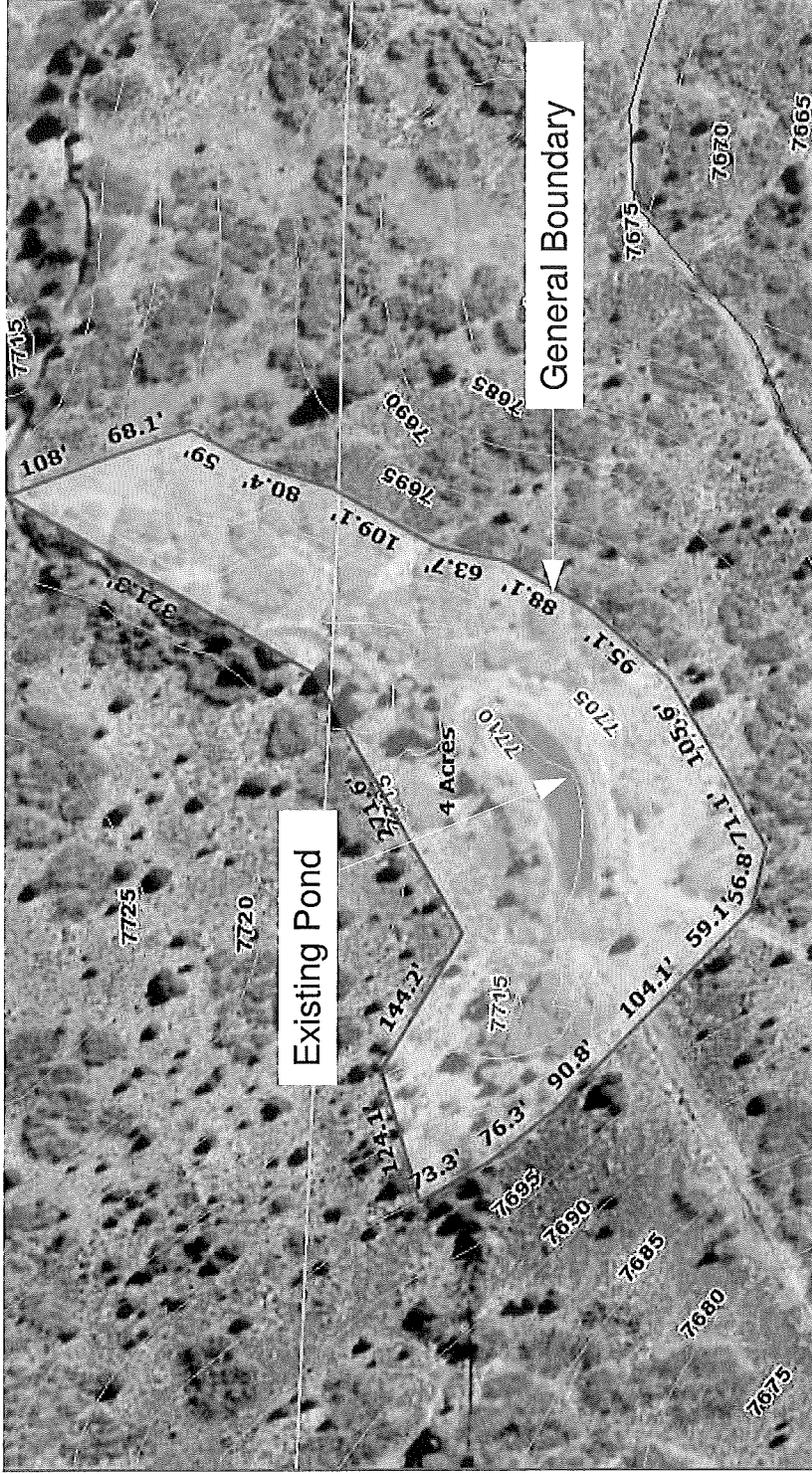


Harris Water Engineering, Inc.
954 E. 2nd Ave, Suite #202
Durango, Colorado 81301
(970) 259-5322

GCC Energy, LLC
Location Map
September 2015

Aerial Imagery
0 0.175 0.35 0.7
Miles

Figure 2. General Location



Pond Descriptions

Location: Section 31, Township 35N, Range 11W, PMNM, SE, NE
Pond estimated size: surface area of 4 acres with a volume of 40 acre-feet. Depths ranging from 10 to 15 feet. The dam height 13 feet including 3 feet of free board.

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Huntington Pond
 General Location
 September 2015

Location Map
 Image courtesy of:
 La Plata County GIS