



July 29, 2015

Dan Huntington
Huntington Ranches, LLC
8796 CR 120
Hesperus, CO 81326

Re: Letter of Intent to Lease Additional Water

Dear Mr. Huntington:

The purpose of this letter of intent is to outline the understanding between the parties, and the essential terms to be included in a Second Water Lease Agreement between GCC Energy, LLC, a Colorado limited liability company ("GCC"), and Huntington Ranches, LLC, a Colorado Partnership ("Huntington"). This letter of intent is an expression of the parties' mutual intent and interest to work on and enter into an agreement, and is not binding on the parties. The parties will not be bound to any terms related to these matters until they execute a binding Second Water Lease Agreement. The basic terms to be drafted into a Second Water Lease Agreement for the parties' review and approval are as follows:

GCC will lease from Huntington up to an additional 50 acre-feet of fully consumable water attributable to Huntington's Class A Shares in the Hay Gulch Ditch, for an initial term of 25 years ("the Second Lease Water"). This water is in addition to the water GCC leases from Huntington under that Water Lease Agreement dated February 20, 2008, and recorded under Rec. No. 972525 ("First Lease Water").

Huntington will expand a reservoir on Huntington land to a volume of up to 30 acre-feet, and Huntington will supply water from the reservoir to GCC for its uses. Huntington may store in the reservoir GCC's First Lease Water, Second Lease Water, and/or any other water rights decreed in Case No. 07CW100, for delivery to GCC. The location of the reservoir will be mutually agreed upon by the parties.

GCC will pay Huntington for the Second Lease Water at a per acre-foot rate agreed upon by the parties for each acre-foot of water that GCC actually uses. GCC will not pay for any Second Lease Water that it does not use.

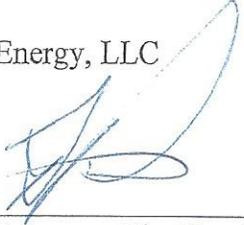
GCC will file a water application and substitute water supply plan to allow the Second Lease Water and the above-described reservoir to be used in conjunction with GCC's coal mine operations. Huntington and GCC will cooperate with these filings and the requirements of the water decree and substitute water supply plan, including but not limited to dry up and water measuring requirements.

The parties will work in good faith on the Second Water Lease Agreement incorporating these terms with the intent to execute said agreement within 30 days from the date of this letter.

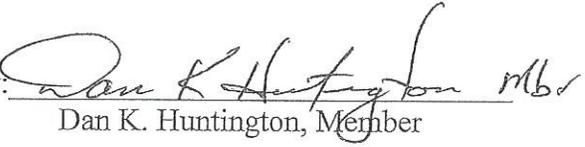
Please sign below to confirm your concurrence with this letter of intent and the above-described terms to be drafted into a Second Water Lease Agreement.

GCC Energy, LLC

Huntington Ranches, LLC

By: 

Trent Peterson, Vice President

By: 

Dan K. Huntington, Member