

## **Water Use Agreement**

This Water Use Agreement, hereafter referred to as the "Agreement", is made this 28<sup>TH</sup> day of October, 2014, by and between City of Glendive, of 300 S. Merrill Avenue, Glendive, MT 59330, herein referred to as "City" and Target Logistics Management, LLC, of 2170 Buckthorne Place, Ste. 440, The Woodlands, TX 77380, herein referred to as "Customer".

Upon receipt of governmental permits and other authorizations, Customer intends to construct various camps required for the workforce lodging needed for the installation of an interstate pipeline through the State of Montana. It is understood that Customer wishes to purchase water from the City to haul and use at one or more of these remote workforce camps. The City wishes to sell water to the Customer so long as the sale of the water is not a detriment to the City's own water supply.

Now therefore, for and in consideration of the mutual covenants and agreements herein contained it is hereby agreed as follows:

1. **Term of Contract.** This Agreement shall remain in effect for a period of two (2) years after the date of first water delivery to the customer.
2. **Water Delivery.** The Customer may fill its trucks with water from the City's pump station located at Glendive, Montana, in an amount not to exceed 100,000 gallons per day with a maximum daily average over the course of a month not to exceed 60,000 gallons per day.
3. **DEQ Permitting.** The City shall be responsible for preparing a technical memorandum or design report, which shall adequately document the City's capacity and capabilities to supply the requested potable water volume from the Customer. The technical memorandum or design report shall be provided to the Customer for submission to the Montana Department of Environmental Quality (MDEQ) as part of the review & permitting associated with the workforce camps. The City shall be responsible for addressing any questions and review comments received during permitting which are related to the City's ability to adequately supply the Customer with the required volume in a manner acceptable to MDEQ.
4. **Fill Times.** There are no restrictions on the fill times or dates. The system is available to the Customer twenty-four hours per day and seven days per week.
5. **Rate for Water.** The Customer shall pay to the City a monthly administrative fee of \$20.00 during each month when it receives water. In addition to the administrative fee, the Customer shall pay to the City the sum of \$5.00 for every 1,000 gallons of water pumped to fill the Customer's tanks/trucks, up to 50,000 gallons per month, and \$10.00 for every 1,000 gallons of water obtained over 50,000 gallons per month. The Customer shall also deposit the sum of \$15,000.00 with the City before receiving any water to secure payment during the term of this Agreement. The deposit will be returned to Customer at the end of Agreement, except for deduction of any unpaid statements.
6. **Time of Payment.** Each month, the City shall provide a statement to the Customer showing all amounts due to the City from the Customer. The statement will also show the volume of water pumped and received by the Customer. All amounts due shall be paid within 45 days of the date

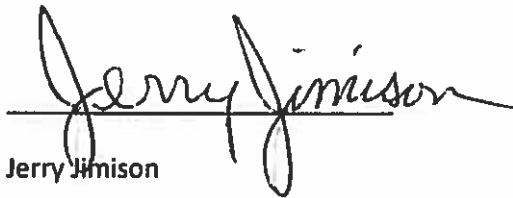
of the statement. Failure to pay the amounts due shall result in the termination of this Agreement and deductions from the Customer's deposit.

7. **Interruption of Service.** The use by Customer of the City's water, while being subject to the terms and conditions of this Agreement, is also subject to and governed by other provisions of the ordinances and resolutions of the City of Glendive for receiving City water. The City shall have the right during times of capacity shortage, from any cause, to interrupt water service to the Customer. Preference will always be given to municipal water needs during times of capacity shortage. The City may temporarily discontinue or reduce the amount of water available to the Customer for the purpose of maintaining, repairing, replacing, investigating, or inspecting any of the City's water works. The City should give notice when reasonably possible. In any event, no liability will accrue against the City for any damage or inconvenience arising from such interruption, temporary discontinuance, or reduction.
8. **Early Termination.** The City and Customer shall retain the right to terminate this Agreement without cause upon giving six month notice of its intent to terminate water services. Notice under this contract shall be given by U.S. certified mail at the addresses listed above.
9. **Entire Agreement.** This writing constitutes the entire Agreement between the parties. This Agreement can only be modified by the written agreement of the parties.

In Witness Whereof the parties have set their hands to this document of the date first above written.

City of Glendive

By:



Jerry Jimison

Mayor

City of Glendive

Target Logistics Management, LLC

By:



Brad Archer

Chief Operating Officer

Target Logistics Management, LLC