

STATE OF COLORADO           §  
  §  
COUNTY OF WELD           §

**LEASE OF REAL PROPERTY**

This Lease of Real Property (“Lease”) is made and entered into as of the 24<sup>th</sup> day of November, 2014 (the “Effective Date”), by and between Booth Land & Livestock, LLC, whose address is 33071 US Highway 85, Lucerne, CO 80646, (hereinafter referred to as “LESSOR”), and NGL Water Solutions DJ, LLC, whose address is 3773 Cherry Creek North Drive, Ste. 1000, Denver, Colorado 80209, (hereinafter referred to as “LESSEE”).

**RECITALS**

WHEREAS, LESSOR owns the property located in Weld County, Colorado as set forth in Exhibit A (the “Leased Premises”):

WHEREAS, the LESSEE desires to lease the Leased Premises for purposes of Wastewater treatment and disposal.

NOW, THEREFORE, in consideration of Redacted and other good and valuable consideration, LESSOR does hereby demise and lease to LESSEE, and LESSEE does hereby lease from LESSOR, the Leased Premises on the following terms and conditions.

**ARTICLE 1 - USE OF PREMISES**

**Purpose**

The purpose of this Lease shall be for LESSEE and/or LESSEE’s assigns, to utilize the Leased Premises for Wastewater treatment and disposal, including the installation of all necessary pipelines, equipment and improvements necessary to transport, filter, process and inject such Wastewater (the “Purpose”). The rights herein granted to LESSEE are without regard to whether the Wastewater injected is owned or produced by LESSEE or third parties, and without regard to its source. The rights herein granted to LESSEE do not include the processing of recycled water on the Leased Premises, which would require a separate agreement to this Lease.

For purposes of this Lease, the term “Wastewater” is defined as produced non-tributary water and frac flow back water produced in connection with the production of oil or gas from wells and that may be disposed of in Class II disposal wells.

## Illegal Use Not Permitted

LESSEE agrees not to use all or part of the Leased Premises or any improvement situated upon the Leased Premises for any use or purpose in violation of any valid and applicable law, regulation, or ordinance of the United States, the State of Colorado, or other lawful authority having jurisdiction over the Leased Premises.

## Permits

LESSEE shall comply with any and all regulations of any authority having jurisdiction over the Leased Premises and specifically with all rules and regulations regarding the handling and management of Wastewater. LESSEE shall file with any and all regulatory authorities, including but not limited to the Colorado Oil and Gas Conservation Commission (COGCC), any and all necessary reports, permit applications, etc., and shall obtain any and all necessary permits in order to utilize the Leased Premises for the Purpose.

## ARTICLE 2 – IMPROVEMENTS

LESSOR grants to LESSEE the right to right to drill, re-enter and maintain up to four (4) wells for disposal of Wastewater by injection into the disposal wells on the Leased Premises and other adjacent parcel(s) owned by LESSOR as provided in LESSEE's COGCC Permit; for any well(s) located outside of the Leased Premises, LESSEE shall have the right to utilize and occupy an area within a radius of 400 feet around each well bore for drilling operations and a radius of 100 feet around each well bore for disposal operations and surface facilities (the "Adjacent Premises").

Exhibit A reflects the approximate surface locations of two (2) of the four (4) permitted wells on the Leased Premises. The remaining two (2) wells are expected to be drilled directionally with surface locations within the Leased Premises. If LESSEE desires to drill the well(s) vertically with a surface location outside the Leased Premises, then LESSEE must obtain LESSOR's approval for the surface location, pipeline route easement and access thereto, which approval shall not be unreasonably withheld.

LESSEE shall have the right to utilize a portion of the Leased Premises for a surface facility containing tanks, improvements and other equipment to support the Wastewater treatment and disposal operation.

LESSEE shall have the right to drill and complete a freshwater well for domestic use, including providing water for restroom and office facilities.

LESSEE shall have the right of access and ingress and egress to and from the Leased Premises at all times.

Upon LESSEE's request and without additional cost, LESSOR shall grant surface and/or subsurface easements, as appropriate, to provide LESSEE the ability to drill and complete the

LESSEE'S wells on the Adjacent Premises and to connect LESSEE's wells to the LESSEE'S facility located on the Leased Premises via buried pipelines.

LESSEE shall have the right at any time and from time to time during the term of this Lease, to erect, maintain, alter, remodel, reconstruct, rebuild, replace, and remove structures and other improvements, including portable structures, on the Leased Premises, and correct and change the contour of the Leased Premises as reasonably necessary for the Purpose, subject to the following general conditions:

- a. The cost of any such work shall be borne and paid for by the LESSEE.
- b. LESSEE shall pay any and all taxes levied against improvements made by LESSEE on the Leased Premises.

### ARTICLE 3 - LEASE TERM

#### Commencement and Termination Date

This Lease is effective as of the Effective Date, provided however that the term of the Lease shall be for a primary term of twenty (20) years (the "Initial Term"); said Initial Term commencing on the earlier of (i) the date that LESSEE receives a permit issued by the Colorado Oil and Gas Conservation Commission (COGCC) and a Use By Special Review (USR) approval by Weld County for the operation of a commercial saltwater disposal facility on the premises (the "Permit") and (ii) December 1, 2015 and terminating twenty (20) years from that date. LESSEE shall notify LESSOR in writing of the fact that said permit and approvals have been issued. It is understood by the parties that LESSEE will submit an application with the COGCC and Weld County for the operation of a commercial Wastewater disposal facility on the Leased Premises.

If the Permits have not been granted to LESSEE by December 31, 2016, this Lease shall automatically terminate and have not further force or effect.

#### Right to Extend

LESSEE shall have the right to extend the Initial Term of this Lease for two (2) successive renewal terms of five (5) year periods each, each extended term to begin on the expiration of the prior term. Each five (5) year option shall automatically be exercised unless LESSEE notifies LESSOR in writing six (6) months prior to any renewal of its intent to terminate the Lease. All terms and provisions of this Lease shall apply to each extended term.

At the end of the last option period, this Lease shall remain in effect as long as LESSEE receives Wastewater and other permitted liquids in quantities sufficient to make the operation economically viable. At such point, as such quantities are not received to make the operation of the Leased Premises economically viable, LESSEE shall notify LESSOR in writing of such fact and the Lease will terminate.

## Termination

Upon termination of this Lease, LESSEE agrees to restore the surface of the Leased Premises as reasonably as possible to the condition of the premises at the date of the execution of this Lease including, but not limited to the removal of all property, waste, items and substances brought to the Leased Premises by the LESSEE. In addition, LESSEE agrees that on termination of the Lease, and at the request of LESSOR, LESSEE shall plug any and all disposal wells on the premises in accordance with the rules, regulations, and standards established by the regulatory authorities having jurisdiction over LESSEE's activities at that time and the reclaiming of all access roads and well sites constructed by LESSEE. Should LESSEE assign this Lease to a third party, the LESSEE shall remain obligated to insure that the obligations set forth in this paragraph are satisfied.

## ARTICLE 4 - RENT

LESSEE agrees to pay LESSOR a monthly rental fee which shall be the greater of (i) a minimum monthly payment of Five Thousand Dollars (\$5,000.00); or (ii) 8.00% of water disposal fees, received by LESSEE for Wastewater disposed via subsurface injection at the Leased Premises or the Adjacent Premises.

Upon the second anniversary of contract execution and the 1<sup>st</sup> of January of each successive year until the end of the contract term, the minimum monthly payment set forth in (i) above shall be increased by multiplying it by one plus the percentage of change ("Percentage of Change") in the average hourly earnings of crude petroleum and gas production workers for the last calendar year compared to the preceding calendar year as shown by the "Index of Average Hourly Earnings of Crude Petroleum and Gas Production Workers" as published by the Bureau of Labor Statistics of the U.S. Department of Labor, provided however, under no circumstances shall the Percentage of Change exceed 5% for any year, with a maximum of Ten Thousand Dollars (\$10,000.00) per month.

Such payments will be made on the 25th day of each month for the amount disposed of in the prior month, beginning on the 25<sup>th</sup> day of the month immediately following the first injection on the Leased Premises.

LESSEE shall pay or cause to be paid all charges for utilities used on the Leased Premises throughout the term of this Lease, including any connection fees.

## ARTICLE 5 - INSURANCE AND INDEMNIFICATION

### Insurance on buildings and Improvements

At all times during the term of the Lease, LESSEE shall provide and keep in force during the term of this Lease, general liability insurance. This insurance shall be carried by one or more

insurance companies duly authorized to transact business in Colorado, selected by LESSEE and shall be paid for by LESSEE. LESSEE agrees to carry Commercial General Liability insurance in the amount of \$2,000,000 with an additional \$5,000,000 of excess liability insurance.

#### Indemnification of LESSOR

Except for its negligence or willful misconduct, LESSOR shall not be liable for any loss, damage, or injury of any kind or character to any person or property arising from any use of the Leased Premises by LESSEE, or any part of the Leased Premises, or all well sites or pipelines located on adjacent premises or caused by any defect in any building, structure, improvement, equipment, or facility on the Leased Premises or caused by or arising from any act or omission of LESSEE, or of any of its agents, employees, licensees, or invitees, or by or from any accident, fire or other casualty caused by LESSEE's failure to maintain the premises in a safe condition.

#### Indemnification by LESSEE

During the entire term of the Lease, except for LESSOR'S negligence or willful misconduct LESSEE will indemnify and hold harmless LESSOR against any and all claims, debts, demands, or obligations which may be made against LESSOR or against its title in the premises, arising out of, or in connection with, any alleged act or omission of LESSEE or any person claiming under, by, or through LESSEE. If it becomes necessary for LESSOR to defend any action seeking to impose any such liability, LESSEE shall reimburse LESSOR for all court costs and reasonable attorney's fees incurred by LESSOR in effecting such defense in addition to all other sums that LESSOR may be called upon to pay by reason of the entry of a judgment against it in the litigation in which such claim is asserted.

#### ARTICLE 6 - ASSIGNMENT

LESSEE shall have the right to assign this Lease without prior approval of LESSOR. LESSEE will provide LESSOR written notice prior to assignment of this Lease; provided however that LESSEE shall remain obligated to insure compliance with all of the obligations of LESSEE provided for in this Lease.

#### ARTICLE 7 - TERMINATION

##### Termination on Default

Should LESSEE default in the performance of any covenant, condition, or agreement in this Lease, and not correct the default within ninety (90) days after receipt of written notice from LESSOR to LESSEE, LESSOR may declare this Lease and all rights and interests created by it, to be terminated. Upon LESSOR providing LESSEE with written notice of LESSOR's election to terminate, this Lease shall terminate and LESSEE will have ninety (90) days to remove all equipment and improvements located on the Leased Premises.

##### Other Remedies

Any termination of this Lease as provided in this Article shall not relieve LESSEE from the payment of any sum or sums that are due and payable to LESSOR under the Lease at the time of termination.

#### ARTICLE 8 - LESSOR'S REPRESENTATIONS AND COVENANTS

##### Title

Unless as otherwise stated herein, LESSOR hereby represents that LESSOR is the owner of the Leased Premises.

##### Quiet Possession

LESSOR covenants and agrees that as long as LESSEE pays the rent and other charges as provided in this Lease and observes and keeps the covenants, conditions, and terms of this Lease, LESSEE shall lawfully and quietly hold, occupy, and enjoy the surface of the Leased Premises during the Initial Term and any extension thereof, without hindrance or molestation by LESSOR or any person claiming under LESSOR.

#### ARTICLE 9 - GENERAL PROTECTIVE PROVISIONS

##### Right to Audit

LESSOR shall have the right during reasonable business hours to examine the books, records and charts of LESSEE to the extent necessary to verify performance of this Lease and the accuracy of any payment, statement, charge, or computation upon execution of a reasonable confidentiality agreement. If any audit examination or review of a party's own records reveals an inaccuracy in any payment, the parties shall promptly make the appropriate adjustment. No adjustment shall be made, and payments shall be final after the lapse of two years from their due date except as to matters that either party has noted in a specific written objection to the other party in writing during the two year period.

##### Mechanic's Liens

No Lien. LESSEE shall not subject LESSOR'S interest in the premises to any mechanic's or materialmen's liens or other lien of any kind, except to the extent that the creation of such lien or liens is specifically authorized by a provision in this Lease.

Release of Lien. LESSEE shall not allow a lien or claim of any kind (except for a mortgage) to be filed or claimed against LESSOR'S interest in the demised premises during the continuance of this Lease. If such lien is claimed or filed, LESSEE shall cause the premises to be released from the claim within thirty (30) days after LESSOR is given written notice that a claim has been filed, or within thirty (30) days after LESSOR is given written notice of the claim and transmits written notice of its receipt to LESSEE, whichever 30-day period expires earlier. LESSEE will cause such release either by paying to the court the amount necessary to relieve

and release the premises from the claim, or in any other manner which, as a matter of law, will result, within the 30-day period, in releasing LESSOR and its title from the claim.

#### Right of Entry and Inspection

LESSEE shall permit LESSOR or LESSOR's agents, representatives or employees to enter on the Leased Premises for the purposes of inspection and determining whether LESSEE is in compliance with the terms of this lease, provided, however, LESSOR will be escorted by an agent of LESSEE to assure LESSOR or LESSOR's agents' safety.

#### Environmental Covenants

That LESSEE shall, in the event of any reportable discharge, spill, escape, emission, disposal, leak or other release of hazardous substances on, in, under, onto or from the Leased Premises, which is not authorized by a currently valid permit or other approval issued by the appropriate governmental agencies:

- (a) Promptly notify LESSOR, and all appropriate regulatory agencies;
- (b) Take all steps necessary to promptly clean up such discharge, spill, escape, emission, disposal, leak or another release in accordance with the provisions of all applicable environmental laws; and
- (c) Receive certification from the appropriate State Department of Environmental Resources or Federal Environmental Protection Agency that the Leased Premises, and any other property affected, has been cleaned up to the satisfaction of those agencies.

#### Laws and Regulations

This Lease is subject to all valid statutes, rules and regulations of any duly constituted federal or state authority or regulatory body having jurisdiction over LESSEE's operation, including environmental protection and surface reclamation.

#### No Termination on Bankruptcy

Neither bankruptcy, insolvency, assignment for the benefit of creditors, nor the appointment of a receiver shall affect this Lease so long as the LESSEE and LESSOR or their respective successors or legal representative continues to perform all covenants of this Lease.

### ARTICLE 10 - MISCELLANEOUS

#### Parties Bound

This Lease shall be binding upon and inure to the benefit of the parties to the Lease and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

### Colorado Law to Apply

This Lease shall be construed under and in accordance with the laws of the State of Colorado. The exclusive jurisdiction and venue for any action brought in connection with this Lease shall be the state or federal courts located in Denver, Colorado.

### Legal Construction

In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, this invalidity, illegality, or unenforceability shall not affect any other provision of the Lease, and this Lease shall be construed as if invalid, illegal, or unenforceable provision had never been contained in the Lease.

### Prior Agreements Superseded

This Lease constitutes the sole and only agreement of the parties to the Lease and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of the Lease.

### Amendment

No amendment, modification, or alteration of the terms of this Lease shall be binding unless it is in writing, dated subsequent to the date of this Lease, and duly executed by the parties to this Lease.

### Rights and Remedies Cumulative

The rights and remedies provided by this Lease are cumulative, and the use of any right or remedy by either party shall not preclude or waive its right to use any or all other remedies. The rights and remedies provided in this Lease are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

### Notices

Any and all notices to be given under this Lease shall be delivered by either personal delivery or mailing to the respective parties as follows:

To LESSOR: Booth Land & Livestock, LLC  
33071 US Highway 85  
Lucerne, CO 80646

To LESSEE: NGL Water Solutions DJ, LLC  
3773 Cherry Creek North Drive, Ste. 1000  
Denver, CO 80209  
Attn: Vice President

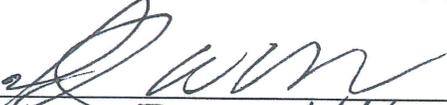
This Lease may be signed in multiple counterparts, all of which taken together shall be a single document. It shall not be necessary for each party to sign each counterpart.

IN WITNESS WHEREOF, LESSOR and LESSEE have entered into this Lease on the day and year first written above.

LESSOR:  
Booth Land & Livestock, LLC  
a Colorado limited liability company

LESSEE:  
NGL Water Solutions DJ, LLC  
a Colorado limited liability company

By:   
Printed Name: GARY S BOOTH  
Title: PARTNER

By:   
Printed Name: DOUGLAS W WHITE  
Title: SVP

STATE OF COLORADO §

COUNTY OF Weld §

This instrument was acknowledged before me on the 24th day of November, 2014 by Gary S. Booth the Partner of Booth Land & Livestock, LLC, a Colorado limited liability company, as the act of and on behalf of said company.

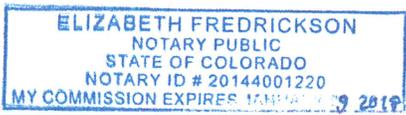


[Signature]  
Notary Public, State of Colorado

STATE OF COLORADO §

COUNTY OF Denver §

This instrument was acknowledged before me on the 25th day of November 2014 by Doug White as Sa Vieles of NGL Water Solutions DJ, LLC, a Colorado limited liability company, as the act of and on behalf of said entity.



[Signature]  
Notary Public, State of Colorado

## EXHIBIT "A"- DESCRIPTION OF LEASED PREMISES

Leased Premises include approximately 26.1 acres within SWSE Sec 35-T7N-R65W, with borders to the north of existing pivots (as shown in aerial illustration below), to the south of CR-74, to the east of CR-47, and to the west of the access road used for the PDC well lease. The first well (C10 well) will be drilled vertically, with a Surface Hole Location (SHL) and Bottom Hole Location (BHL) at approximately the same location. C10A well will be drilled directionally, with expected SHL and BHL shown on map below. C10B and C10C wells are expected to be drilled directionally, with at least ¼-mile separation from other BHLs. LESSEE and LESSOR agree that future survey will define specific boundaries of Leased Premises.

