

## WATER SHARING AGREEMENT

THIS WATER SHARING AGREEMENT (this "Agreement"), dated effective the 24<sup>th</sup> day of June, 2016, is entered into by and among Tonaquint, Inc., a Utah corporation ("Owner"), and Jonathan K. Hansen, an individual, together with his successors and/or assigns ("Hansen").

A. Owner owns certain real property located in Rich County, Utah, that is more particularly described on Exhibit A attached hereto and incorporated herein (the "Owner Property").

B. Owner also owns certain water wells located on the Owner Property, one a production well known as the North Well (the "North Well") and the other a test well known as the Test Well (the "Test Well"), each as depicted on the map attached hereto as Exhibit B – and all associated water rights applicable thereto (collectively, including the North Well and the Test Well, the "Wells").

C. Hansen owns certain real property located in Rich County, Utah, that is more particularly described on Exhibit C attached hereto and incorporated herein (the "Hansen Property").

D. Hansen acquired the Hansen Property from Owner pursuant to a Real Estate Purchase Agreement between Hansen and Owner dated effective January 1, 2013 (the "Purchase Agreement").

E. It was a condition precedent to Hansen's acquisition of the Hansen Property pursuant to the Purchase Agreement that Owner enter into this Agreement to grant Hansen the right to use up to 30,000 gallons of water from the Wells per year on the terms and conditions set forth herein.

F. Subject to the terms and conditions of this Agreement, Owner desires to grant Hansen the right to use up to 30,000 gallons of water from the Wells per year.

NOW, THEREFORE, in consideration of the mutual benefits to be derived hereunder and the covenants and agreements hereinafter set forth, the parties hereto, each intending to be legally bound by these presents, mutually agree as follows:

1. Water Sharing. Subject to the terms and conditions of this Agreement, Owner hereby grants Hansen the nonexclusive right to extract and use up to an aggregate of 30,000 gallons of water (the "Water") per year from the Wells. Hansen is hereby granted access to both the North Well and the Test Well and may extract the Water from either Well, as determined in its sole discretion. This Agreement includes, among other rights, the rights to make alterations to Owner's well head equipment, the right to construct a staging area in a location mutually agreeable to Owner and Hansen, lay water lines from the Wells to the Hansen Property, and all rights of access to and from the Wells on roads located on the Owner Property, as the same may be changed or relocated from time to time, as deemed necessary to deliver the Water to the Hansen Property. Hansen's right to lay water lines over the Owner Property, and Owner's right to relocate same, shall be as set forth in that certain Utility Easement Agreement between Owner

and Hansen of even date herewith. Hansen shall provide Owner a reasonable opportunity to review any plans for any work to be done with respect to the well head equipment, staging areas or water lines prior to the commencement of any work and shall reimburse Owner for the cost of having the plans reviewed by an engineer, if any, retained by Owner.

2. Water Fees; Limit on Quantity. Hansen may use and extract up to 10,000 gallons of Water from the Wells per year for no cost. If Hansen desires to use and extract more than 10,000 gallons of Water in any calendar year, it shall pay to Owner the same rate per gallon as Owner charges other users of the Wells for Water, provided that, if Owner is not then selling Water from the Wells to third parties, Hansen shall pay the then-current market rate for Water in Rich County, Utah, as reasonably determined by Owner at each such time that Hansen desires to extract more than 10,000 gallons of Water from the Wells in any given calendar year, provided that at no time shall Hansen have the right to extract more than 30,000 gallons of Water annually from the Wells in the aggregate.

3. Equipment; Maintenance. Owner and Hansen acknowledge they have joint ownership of the generator currently used to run the pump (the "Generator") for each of the Wells, and each such party agrees to share equally in the cost of running the Generator and connecting the Generator to the pump and Wells. Notwithstanding the foregoing, Hansen's covenants in the foregoing sentence shall only extend to the Generator currently used to run the pump (and any replacement that is no larger than the current 15kw Generator), but shall not extend to any future replacement generators to the extent such future generators are larger than the current 15kw Generator. Other than the foregoing, neither Owner nor Hansen has any duty to maintain the Wells, the Generator, or any other equipment used to pump water from the Wells or otherwise operate the Wells. For the avoidance of doubt, in the event the Wells are not operational for any reason, Owner shall have no duty to repair or maintain them and in such event Hansen shall have no claim against Owner if Hansen is unable to use or extract Water from the Wells. In such event, Hansen's sole remedy shall be to repair the Wells at its sole cost and expense (and in its sole discretion) in order to enable it to extract the Water it desires to use from the Wells.

4. Duration. This Agreement and each covenant and restriction set forth herein shall be effective as of the date hereof and shall remain in effect until six (6) months after public water becomes available within one-half mile of the Hansen Property, and, as set forth in Section 5 below, shall run with both the Owner Property and the Hansen Property.

5. Limitations; Assumption of Risk. Owner makes no representation or warranty with respect to the (i) Wells' ability to produce "wet" water at any rate or in any volume or (ii) the quality or condition of Water extracted from the Wells including without limitation its fitness for human consumption or use or its being free from hazardous materials or other contaminants of any kind, and Hansen hereby assumes all risk associated with the use of the Water extracted from the Wells and agrees to indemnify, defend and hold harmless Owner, its principals, employees, agents, successors and assigns, from and against all liability, loss, damages, claims arising from extraction or use of the Water by Hansen ("Claims"), including without limitation Claims for death, personal injury or damage to property. Hansen assumes the risk that the Wells will not produce at a rate sufficient either to satisfy Hansen's usage rights hereunder or to fulfill Hansen's intended purposes for the Water. Hansen's rights hereunder are expressly subject to the

performance of the Wells, and Hansen's rights hereunder to extract Water from the Wells shall terminate at such time as the Wells are no longer capable of producing 10,000,000 gallons of Water per year in the aggregate.

6. Covenants Run With Land. Each right and obligation in this Agreement (whether affirmative or negative in nature) (a) shall constitute a covenant running with the land; (b) shall benefit and bind every person having any fee, leasehold or other interest in any portion of the Owner Property or the Hansen Property; and (c) shall benefit and be binding upon any person whose title is acquired by judicial foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise. Notwithstanding the foregoing or anything to the contrary herein, upon any transfer by Owner or Hansen of its applicable Owner Property or Hansen Property, such party shall no longer have any liability or obligation under this Agreement for any expense, action, claim, liability, obligation, event or cause of action that arose after the date of such conveyance; provided, that, for the avoidance of doubt, such party shall remain liable for any expense, action, claim, liability, obligation, event or cause of action to the extent the same arose prior to any such conveyance and the assignee of any such interest shall be liable for any expense, action, claim, liability, obligation, event or cause of action to the extent the same arises after any such conveyance.

7. Representations and Warranties. Owner and Hansen each represent and warrant that they own all of the interest in the Owner Property and the Hansen Property, respectively, and each of the undersigned individuals represent and warrant that they have all of the necessary legal authority to execute this document on behalf of Owner and Hansen. Owner further represents that, subject to the matters disclaimed in Section 5 above, it has good right, title and interest in and to the Wells and sufficient water rights to allow the diversion of up to 30,000 gallons of water from the Wells per year, subject to applicable state and federal laws and regulations.

8. Taxes. Owner shall be responsible for the payment of all real estate taxes assessed against the Owner Property and Hansen shall be responsible for the payment of all real estate taxes assessed against the Hansen Property.

9. Restoration of Owner Property. Hansen shall promptly repair any disturbance or damage to the Owner Property caused by Hansen's use of the Wells or work with respect thereto or the lines servicing same, and Hansen shall restore the Owner Property promptly to its condition existing immediately prior to disturbance or damage.

10. Indemnification: Insurance. Hansen shall indemnify, hold harmless and defend Owner and the Owner Property from, any and all costs, expenses (including, without limitation, reasonable attorneys' fees), damages, claims, liabilities, losses, liens, encumbrances and charges arising or alleged to arise from any work performed on or about the Owner Property by Hansen. During and until completion of any work by Hansen or its agents on the Owner Property, Hansen shall obtain and maintain with respect to such work commercial general liability insurance coverage, including personal injury, bodily injury (including wrongful death), contractual liability and broad form property damage, with the following limits: (i) general aggregate not less than \$1,000,000.00; and (ii) per occurrence combined single limit-not less than \$1,000,000.00. Such insurance shall be with a company reasonably acceptable to Owner, shall

name Owner as an additional insured and shall provide that the coverage may not be cancelled, terminated or modified without giving Owner at least 30 days' prior notice. Hansen shall provide Owner with evidence of such insurance prior to commencing any work on the Owner Property.

11. No Liens. Hansen shall not permit any mechanic's, materialmen's or other liens to be filed against all or any part of the Owner Property as a result of any work by Hansen or its agents on the Owner Property. If any such lien is filed, Hansen shall, at their sole cost, immediately cause such lien to be released of record or bonded in compliance with state law so that it no longer encumbers the Owner Property.

12. Work Standards. Any activity or work to be performed by Hansen on the Owner Property under this Agreement shall be in accordance with the plans approved by the applicable governmental authorities and shall be completed in a careful and workmanlike manner. All such work or activity shall be diligently prosecuted and administered from start to finish by Hansen to minimize the inconvenience to Owner. Upon completion of any work performed by Hansen on the Owner Property, Hansen shall remove all debris and restore the Owner Property as nearly as reasonably possible to the condition it was in at the commencement of such work.

13. Compliance with Applicable Laws. Hansen must at all times exercise its rights under this Agreement in accordance with all applicable laws, statutes, orders, rules, and regulations of all governmental authorities with jurisdiction. Hansen is solely responsible to ensure that its activities comply with all applicable laws and Owner has no responsibility to Hansen or third parties in this regard.

14. Relationship of the Parties. It is expressly understood by the parties hereto that all work performed by Hansen or Owner pursuant to this Agreement or which in any way relates to the use of the Water shall not be in the capacity as an agent for the other, as applicable. Nothing contained in this Agreement authorizes Hansen or Owner to enter into any agreement for or on behalf of the other, as applicable, or to bind the other, as applicable, to any obligation or undertaking. Nothing in this Agreement shall be interpreted or construed as a partnership or joint venture between Owner and Hansen.

15. Waiver. Even if a party waives the other's breach of any provision of this Agreement on one or more occasions, the waiving party retains the right to enforce the same or any other provision in case of a later breach by the other party.

16. Entire Agreement and Modification. This Agreement represents the full and complete agreement between the parties regarding the subject matter hereof and all parties executing this instrument have received a copy of the same. The terms and conditions of this Agreement merge with and supersede any prior or contemporaneous, oral or written, statements or agreements. This Agreement may only be modified or amended by a written instrument signed by both parties hereto.

17. Recordation. This Agreement shall be recorded promptly following the closing of the transactions contemplated in the Purchase Agreement. Upon this Agreement being recorded, the recording party shall provide the non-recording party with a copy of the recorded Agreement

within thirty (30) days after same is returned from the Office of the Recorder of Rich County, Utah.

18. Notices. Any and all notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered if delivered personally; (b) when received if given by facsimile; or (c) three (3) days after the mailing thereof by first-class, postage prepaid, mail if mailed, at the respective addresses set forth below (or at such other address as may be designated in a written notice and given in accordance with this paragraph):

If to Owner:

Tonaquint, Inc.  
Attn: John M. Fife  
303 East Wacker Drive, Suite 1040  
Chicago, Illinois 60601

If to Hansen:

Jonathan K. Hansen  
3051 West Maple Loop Drive, Suite 325  
Lehi, Utah 84043

19. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Utah. Each of the parties hereto consents to the jurisdiction of any appropriate court in the State of Utah in the event there is a dispute or disagreement arising out of this Agreement.

20. Severance. Should any portion of this Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

21. Further Assurances. Each party, at the request of the other, shall execute and deliver to the requesting party any available instruments, agreements, documents, permits or applications, or any other papers reasonably required by the requesting party, and such other party shall do such other acts as may be reasonably requested by the requesting party, all to effect the purposes of this Agreement.

22. Construction. Paragraph headings in this Agreement are inserted for convenience only, and shall not be considered a part of this Agreement, or used in its interpretation. Unless otherwise provided, or unless the context shall otherwise require, words importing the singular number shall include the plural number, words importing the masculine gender shall include the feminine gender, and vice versa. This Agreement shall not be construed against either party because of the draftsmanship hereof.

23. Binding Effect. All the terms, conditions, reservations, covenants and restrictions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of each of the parties hereto.


24. Attorneys' Fees. Should any party default in any of the covenants or agreements herein contained, the defaulting party shall pay all costs and expenses, including a reasonable attorneys' fee, which may arise or accrue from enforcing this Agreement or in pursuing any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit


IN WITNESS WHEREOF, Owner and Hansen have executed this Water Sharing Agreement effective as of the date first above written.

**OWNER:**

**HANSEN:**

TONAQUINT, INC.

By:   
\_\_\_\_\_  
John M. Fife, President

  
\_\_\_\_\_  
Jonathan K. Hansen, an individual

**CORPORATE ACKNOWLEDGMENTS**

STATE OF Illinois )  
 )ss.  
COUNTY OF Cook )

The foregoing instrument was acknowledged before me this 24 day of June, 2016, by John M. Fife as the President of Tonaquint, Inc., a Utah corporation, the corporation named in and that executed the foregoing instrument.



Christine B. Hillesheim  
Notary Public

Residing at: 303 E. Wacker Dr.  
Chicago, IL 60601

STATE OF Illinois )  
 )ss.  
COUNTY OF Cook )

The foregoing instrument was acknowledged before me this 24 day of June, 2016, by Jonathan K. Hansen, the individual named in and that executed the foregoing instrument.



Christine B. Hillesheim  
Notary Public

Residing at: 303 E. Wacker Dr.  
Chicago, IL 60601

EXHIBIT A

ALL OF SECTION 13, TOWNSHIP 9 NORTH, RANGE 4 EAST, SALT LAKE BASE AND MERIDIAN.



**EXHIBIT B**  
**WATER WELLS**

Approximate legal description for The North Well:

South 535 feet, East 975 feet from the North Quarter (N4) Corner of Section 13, Township 9 North, Range 4 East, Salt Lake Base and Meridian (SLB&M).

Approximate legal description The Test Well:

South 605 feet, East 975 feet from the North Quarter (N4) Corner of Section 13, Township 9 North, Range 4 East, Salt Lake Base and Meridian (SLB&M).

Location of the Wells depicted on the map attached for reference purposes.



## EXHIBIT C

### HANSEN PROPERTY

A parcel of land for the purpose of subdividing and the development of said parcel of land located within the W ½ of Section 13, Township 9 North, Range 4 East Salt Lake Base Meridian, the boundaries are more particularly described as follows:

Commencing at the West ¼ corner of Section 13, Township 9 North, Range 4 East, Salt Lake Base Meridian, a found 1940 USGLO brass cap, said Section corner being the Point of Beginning; thence North 00° 10' 13" West along the west line of the northwest corner of said Section 13 a distance of 820.00 feet; thence North 89° 49' 47" East a distance of 1320.00 feet; thence South 00° 10' 13" East a distance of 1320.00 feet; thence South 89° 49' 47" West a distance of 1324.92 feet to a point which lies on the west line of the southwest quarter of Section 13; thence North 00° 23' 35" East along said west line a distant of 500.02 feet to the Point of Beginning.

Said parcel of land contains 1,743,629 sq. ft. or 40.03 acres.

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