

SC-63-10

LEASE AGREEMENT

by and between

VIRGIN ISLANDS WATER AND POWER AUTHORITY,

as Landlord,

and

SEVEN SEAS WATER CORPORATION (USVI)

as Tenant

Dated as of May 17, 2011

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LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter the "Lease"), dated this 12th Day of May, 2011, is made by and between VIRGIN ISLANDS WATER AND POWER AUTHORITY, a public authority established and existing under the laws of the U.S. Virgin Islands, as landlord ("Landlord"), and SEVEN SEAS WATER CORPORATION (USVI), a U.S. Virgin Islands Corporation, as tenant ("Tenant"). Each of the Landlord and Tenant shall be referred to herein as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, Landlord owns certain real property consisting of approximately 41,146 square feet located on the island of St. Thomas in the U.S. Virgin Islands and more particularly described on Exhibit A attached hereto, and all easements and rights appurtenant to such real property (collectively, the "Property").

WHEREAS Tenant wishes to lease the Property from Landlord to construct and place onto the Property a salt water reverse osmosis water production plant (more specifically a "First Pass Water" Facility) and Ultrapure Water Facility and other necessary appurtenances for Tenant's operation of the Facilities.

WHEREAS, Landlord is willing to lease to Tenant, and Tenant is willing to lease from Landlord, the Property on the terms and conditions set forth in this Lease.

NOW, THEREFORE, in consideration of the rent to be paid under this Lease and the other mutual promises contained in this Lease and the Water Purchase Agreement, Landlord and Tenant hereby agree as follows:

ARTICLE 1 DEFINITIONS

References in this Lease to Sections and Articles are to the Sections and Articles of this Lease unless otherwise indicated. Unless the context shall otherwise require, the capitalized terms used herein shall have the following meanings:

"**Applicable Laws**" has the meaning given such term in the Water Purchase Agreement.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized, by law or executive order, to be closed in the U.S. Virgin Islands. Unless the term "Business Day" is used, the term "day" as used in this Lease means calendar day.

"**Claims**" has the meaning given such term in Section 10.1.

"**Change in Law**" has the meaning given such term in the Water Purchase Agreement.

“Dispute” has the meaning given such term in Section 13.14(a).

“Dispute Notice” has the meaning given such term in Section 13.14(a).

“Dollars” or **“\$”** means United States of America dollars.

“DPNR” means the U.S. Virgin Islands Department of Planning and Natural Resources or its successors.

“Environmental Claims” has the meaning given such term in Section 5.2(a).

“Environmental Laws” means any and all federal, the U.S. Virgin Islands, state, or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, mandates, judgments, orders, decrees, permits and approvals, codes or license requirements, or other governmental requirements or restrictions, or any interpretation or administration of any of the foregoing by any governmental authority, now or hereafter in force, in any way relating to (a) pollution or protection of natural resources or the environment (including ambient air, surface or subsurface waters, and surface lands and subsurface strata), (b) the treatment, disposal, emission, discharge, release or threatened release into the environment of Hazardous Materials or (c) protection of wildlife or endangered species.

“EPA” means the U.S. Environmental Protection Agency or its successors.

“Event of Default” means any event or condition defined in Section 12.2.

“Facility” has the meaning given such term in the Water Purchase Agreement.

“Force Majeure” has the meaning given the term “Uncontrollable Circumstance” in the Water Purchase Agreement.

“Good Engineering and Operating Practices” has the meaning given such term in the Water Purchase Agreement..

“Governmental Authority” has the meaning given such term in the Water Purchase Agreement..

“Hazardous Materials” means (a) any material, substance or waste (whether liquid, gaseous or solid) that (i) requires removal, remediation or reporting under any Environmental Law, or is listed, classified or regulated as a “hazardous waste” or “hazardous substance” (or other similar term) pursuant to any applicable Environmental Law, or (ii) is regulated under applicable Environmental Laws as being, toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and (b) petroleum-derived substances wastes or breakdown products, friable asbestos, or polychlorinated biphenyls.

“Improvements” means any buildings, equipment or other fixtures, improvements or personal property placed on the Property by the Tenant, excepting the Landlord’s Intake and Outfall Structures and all repairs or improvements made to said Intake and Outfall Structures.

“Indemnify” has the meaning given such term in Section 10.1.

“Indemnitee” has the meaning given such term in Section 10.4(a).

“Indemnitor” has the meaning given such term in Section 10.4(a).

“Insurance Date” has the meaning given such term in Section 9.1(a).

“Intake Structure” has the meaning given such term in the Water Purchase Agreement.

“Interconnection Facilities” has the meaning given such term in the Water Purchase Agreement..

“Landlord” has the meaning given such term in the Preamble.

“Landlord’s Indemnified Parties” has the meaning given such term in Section 5.3(a).

“Lease” has the meaning given such term in the Preamble.

“Lease Date” means the date of execution of this Lease.

Lease Initial Term has the meaning given in Section 2.1 herein.

“Lien” means any interest in property securing an obligation, whether such interest is based on common law, equity, statute or contract. “Lien” includes any security interest or lien arising from a mortgage, encumbrance, pledge, charge, easement, servitude, security agreement, conditional sale or trust receipt, or from a lease, consignment or bailment for security purposes.

“Notice of Default” has the meaning given such term in Section 13.1(b).

“Outfall Structure” – means those WAPA structures currently existing on the Property which Tenant shall interconnect and use for its brine effluent discharge into the receiving waters.

“Party” has the meaning given such term in the Preamble.

“Property” has the meaning given such term in Recital and Exhibit A.

“Renewal Option” has the meaning given such term in Section 4.2.

“Option Term” has the meaning given such term in Section 4.2.

“Rent” means the Initial Rent or the Renewal Rent, as applicable.

“Tenant” has the meaning given the term “Seven Seas” in the Water Purchase Agreement.

“Tenant’s Indemnified Parties” has the meaning given such term in Section 5.2(a).

“**Term**” means the Initial Term and any Renewal Terms created under Section 4.2, or such shorter period as may result from earlier termination as provided in this Lease.

“**Water Purchase Agreement**” means the Water Purchase Agreement dated as of _____, 2011 between Landlord and Tenant, relating to Landlord’s agreement to purchase Water generated at the Facility

ARTICLE 2 LEASE

2.1 Lease of Property. Subject to the terms and conditions of this Lease, Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, the Property for the Term. Except as expressly provided to the contrary in this Lease, reference to the “Property” is exclusive of the Facility and all Improvements as defined herein now or hereafter located on the Property, notwithstanding that any such Improvements may or shall be construed as affixed to and as constituting part of the real property. Tenant shall remove all the Improvements and restore the Property in accordance Section 2.3 as found in the Water Purchase Agreement following the expiration or earlier termination of the Term, Renewal Term or expiration or earlier termination of the Water Purchase Agreement, whichever is earlier. Tenant acknowledges that, other than as expressly set forth in this Lease, the Landlord has not made, and shall not make, and Tenant has not relied upon, any representations, warranties or agreements as to matters concerning the condition of the Property.

2.2 Possession. Possession of the Property shall be delivered to Tenant, subject to all the terms and conditions of this Lease, at the beginning of the Term, provided that this Lease is in full force and effect without any default of Tenant thereunder.

2.3 Quiet Enjoyment. Landlord covenants and warrants that it possesses good title to the Property and has the right and authority to convey possession of the Property to the Tenant under the terms provided herein. Upon payment by Tenant of the Rent and all other amounts due under this Lease, Landlord warrants and covenants that Tenant shall peaceably and quietly hold and enjoy the Property for the Term without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming against, by, through or under Landlord; subject, nevertheless, to the terms and conditions of this Lease and Tenant’s compliance with all of its obligations under the Water Purchase Agreement.

2.4 Tenant’s Representations and Warranties. The representations and warranties made by Tenant in the Water Purchase Agreement are incorporated herein by reference and made a part of this Lease as of the Lease Date.

2.5 Landlord’s Representations and Warranties. The representations and warranties made by Landlord in the Water Purchase Agreement are incorporated herein by this reference and remade as of the Lease Date.

2.6 Survival. All of the above representations and warranties shall survive the Lease Date and shall continue in force and effect until and including the date that is two (2) years after the Termination of this Lease at which time they shall expire. Upon such expiration, such representations or warranties shall terminate and have no further force and effect; provided,

however, that any representation or warranty that is the subject of a claim for indemnification under Article 5 asserted in writing shall survive solely with respect to such claim until the final resolution thereof.

ARTICLE 3 RENT

3.1 Rent Amounts. Tenant shall pay rent during the Term and the Option Term in the amount of One Dollar (\$1.00) per year in advance.

3.2 Rent Payments. All amounts payable to Landlord by Tenant hereunder shall be made without abatement, deduction, diminution, proration or offset, and shall be paid to Landlord at the address provided in Section 13.7 hereof. The Rent shall be paid by Tenant annually in advance on or prior to the first date of each year beginning on the Lease Date and each anniversary thereof.

ARTICLE 4 LEASE TERM

4.1 Initial Term. The "Lease Initial Term" shall begin on the Lease Date and shall expire on the Fifteenth (15th) anniversary of the Commercial Operation Date, as same is defined in the Water Purchase Agreement, unless the Lease Initial Term is terminated pursuant to Article 12 herein or by termination of the Water Purchase Agreement in accordance with Article 12 or Article 13 thereof.

4.2 Renewal Option. Landlord shall have one (1) option to renew this lease (the "Renewal Options"), pursuant to Section 2.2 of the Water Purchase Agreement, for an additional five (5) year term (the "Renewal Term"), commencing upon the expiration of the Initial Term of this Lease.

4.3 Exercise of Renewal Option. Written notice from Landlord of its election to exercise the applicable Renewal Option may be delivered at any time prior to the expiration of the Initial Term. Such extension of the Term shall be on all of the terms and conditions of this Lease except as provided otherwise in this Article 4.

4.4 Surrender of Property. At the expiration or earlier termination of this Lease, Tenant shall immediately surrender to Landlord possession of the Property free and clear of all Liens.

4.5 Holding Over. This Lease shall terminate without further notice at the expiration of the Term, or Renewal Term, if applicable. Any holding over by Tenant after expiration without Landlord's consent shall not constitute a renewal or extension or give Tenant any rights in or to the Property; provided, however, that Landlord may, at its option by written notice, treat Tenant as a Tenant at sufferance only, commencing on the first day following termination of this Lease and subject to all of the terms of this Lease, except that the Rent shall be (a) one hundred fifty percent (150%) of the Rent in effect during the last year of the Term and shall be paid in monthly installments in advance until the Property shall have been surrendered by Tenant or (b) a fair market value of monthly lease payments for the Property as determined by Landlord;

provided further, that for the period one hundred eighty (180) days after the expiration or early termination of the Term during which Tenant is removing its improvements and is restoring the Property pursuant to Section 4.6, if applicable, Tenant shall be treated as a Tenant at sufferance but shall pay the Rent in effect during the last year of the Term; provided finally, that Tenant shall not be deemed to be holding over on the Property solely as a result of Tenant's presence on the Property for the purpose of complying with its obligations under Section 5.3(e). Except for the period of one hundred eighty (180) days after the expiration or early termination of the Term during which Tenant is removing its improvements and is restoring the Property pursuant to Section 4.6, if applicable, (i) nothing in this Section 4.5 shall be construed, absent Landlord's written consent, as a consent by Landlord to any holding over by Tenant, and (ii) Landlord expressly reserves the right to require Tenant to surrender possession of the Property during any holding over by Tenant and to assert any remedy in law or equity to evict Tenant or, for any holding over without Landlord's consent, to collect any actual damages incurred in connection with such holding over. If Landlord requires Tenant to surrender possession of the Property during any holding over by Tenant in accordance with the previous sentence, Tenant shall immediately surrender to Landlord possession of the Property free and clear of all Liens. The Parties agree that thirty (30) days' "notice to quit" from Landlord following the termination of this Lease shall be sufficient notice under Title 28, Chapter 31 of the U.S. Virgin Islands Code for possession of the Property under any forcible entry or detainer action or other similar action for possession of the Property. Notwithstanding the expiration or earlier termination of the Term, during any holding over by Tenant, Tenant shall be obligated to comply with its covenants and agreements under this Lease which shall survive for such holding over period.

4.6 Restoration of the Property. Title to all Improvements, when made, erected, constructed, installed or placed upon the Property shall be and remain in Tenant until the expiration or earlier termination of the Term or Renewal Term, if applicable. Tenant shall retain title to such Improvements after the expiration or earlier termination of the Term or Renewal Term, if applicable. Tenant's right to remove the Improvements shall be governed by Section 2.3 of Water Purchase Agreement, including without limitation the one hundred eighty (180) day period to remove the Improvements. Title to any Improvements remaining on the Property after such one hundred eighty (180) day period shall be and remain in Landlord. During the Term, Tenant alone shall be entitled to claim depreciation and amortization on the Facility and all other cash and non-cash items of credit, deduction, expense or allowance related to the Improvements for all taxation purposes. This Section 4.6 shall survive any expiration or termination of the Lease.

ARTICLE 5 ENVIRONMENTAL PROVISIONS

5.1 Information. If Tenant requires information concerning the environmental condition of the Property in order to satisfy the requirements of any applicable Government Rules, Tenant shall notify Landlord thereof. Without modifying the application of Article 5 hereof to any such environmental condition, Landlord shall have the responsibility for conducting any investigation, reporting and responding to any environmental conditions under the applicable indemnification provisions hereof. Tenant and Landlord shall keep all information developed pursuant to this paragraph confidential and shall not disclose such information to any third party, except that each Party may (a) disclose such information to the extent required by

any Government Rule and (b) disclose such information to its attorneys, auditors, consultants or lenders (and the lenders' attorneys and consultants) who have a need to know the disclosed information and who agree or are otherwise obligated to maintain its confidentiality.

5.2 Landlord's Environmental Indemnity.

(a) Environmental Indemnity. Subject to the conditions of this Section 5.2 and except as set forth in Section 5.4, Landlord shall indemnify, protect, defend and hold harmless Tenant, its employees and agents (collectively, the "Tenant's Indemnified Parties") against and in respect of any and all liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees, fines, penalties and response or remedial costs that are required by a governmental authority pursuant to Government Rules) (collectively, "Environmental Claims") arising out of, related to or incurred in connection with:

(i) any violation of any Government Rule, or any requirement for remediation, cleanup, damages, penalties or other relief sought by any governmental authority with appropriate jurisdiction, arising out of the presence or release of Hazardous Materials, where such violation or requirement pertains to: (A) the condition of the Property on or prior to the Lease Date (but excluding any condition of the Property caused by Tenant or Tenant's agents, representatives, contractors or invitees during the period prior to the Lease Date), (B) the condition of the Property after the date on which possession of the Property is surrendered to Landlord by Tenant at the expiration or termination of the Term or Renewal Term, if applicable, (but excluding any claims to the extent arising out of (1) the breach by Tenant of its obligations hereunder, or (2) any condition of the Property that resulted from Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees), or (C) the condition of all property adjacent to the Property owned or leased by Landlord, whether with respect to conditions on or prior to the Lease Date or at any time during the Term or Renewal Term, if applicable, (but excluding any conditions caused by or arising out of Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees); or

(ii) Any claim made by any person (other than claims by any governmental authority (excluding Landlord) with appropriate jurisdiction or by Tenant as to which the provisions of clause (i) shall be the Tenant's Indemnified Parties' exclusive rights and remedies under this Section) arising out of the presence or release of Hazardous Materials on or from (A) the Property on or prior to the Lease Date (but excluding any condition of the Property caused by Tenant or Tenant's agents, representatives, contractors or invitees during the period prior to the Lease Date), (B) the Property after the date on which possession of the Property is surrendered to Landlord by Tenant at the expiration or termination of the Term and possession of the Property is delivered to Landlord (but excluding any claims to the extent arising out of (1) the breach by Tenant of its obligations under this Lease, or (2) the presence or release of Hazardous Materials on or from the Property that resulted from Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees, or (C) all property adjacent to the Property owned or leased by Landlord (including the soil and groundwater thereunder and the migration of Hazardous Materials therefrom), whether with respect to conditions on or prior to the Lease Date or at any time during the Term (but excluding any

conditions caused by or arising out of Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees).

(b) Exceptions to Indemnity. The indemnity provided under this Section 5.2 shall not apply to any otherwise indemnified Environmental Claims to the extent caused by or arising out of any negligent or willful act or omission of, or breach of this Lease by, Tenant's Indemnified Parties or their contractors or agents.

(c) Notice. Promptly after a Tenant Indemnified Party obtains knowledge of an Environmental Claim, such Tenant Indemnified Party shall notify Landlord under this Lease of such Environmental Claim in writing setting forth in reasonable detail the specific facts and circumstances relating to such Environmental Claim; provided, however, that any failure to give such notice will not waive any rights of the Tenant Indemnified Party except to the extent that the rights of Landlord are actually prejudiced thereby.

(d) Defense and Challenges. Tenant agrees that Landlord may employ attorneys of its own choice to appear and defend any such claim or action or to respond to such notice and that Tenant shall do nothing to compromise the defense of such claim or action or any settlement thereof or Landlord's response to such notice and shall provide Landlord with all reasonable assistance (at no out-of-pocket cost to Tenant) that Landlord may require in connection therewith. Landlord shall have the right to challenge in any manner provided by law both the issuance of any order, decree or judgment requiring the monitoring, mitigation or remediation of the Property and the scope of any activity required pursuant to any such order, judgment or decree. Any additional costs, damages, expenses, penalties or losses resulting from such actions by Landlord shall be indemnified under this Section 5.2.

(e) Compliance Actions. Landlord shall be permitted to take all actions at its sole expense as are necessary to comply with any mitigation or monitoring plan with respect to, or to remedy any contamination by, or the presence of, Hazardous Materials on the Property that are the responsibility of Landlord hereunder in accordance with any order, decree or agreed plan of settlement from, by or with any governmental authority with jurisdiction thereover, and Tenant shall provide such access to the Property and all cooperation and assistance (at no out-of-pocket cost to Tenant) as may be reasonably requested by Landlord in connection with such remediation or compliance. Tenant agrees not to unreasonably restrict activities required to be conducted by Landlord to comply with any monitoring, remediation or mitigation plan imposed with respect to the Property in connection with any Environmental Claims, subject to the rights of indemnification provided for hereunder and provided such monitoring, remediation or mitigation plan does not unreasonably interfere with Tenant's use of the Property.

5.3 Tenant's Environmental Indemnity.

(a) Environmental Indemnity. In the event of spills or releases on the Property resulting from Tenant's operations of the Facility during the Term or Renewal Term, if applicable, or at any other time by Tenant or by Tenant's agents, representatives, contractors or invitees, but excluding any spills or releases caused by Landlord or Landlord's agents, representatives, contractors or invitees, Tenant shall comply with all Government Rules regarding notification, investigation and remediation of the spill or release. Subject to the

conditions of this Section 5.3, Tenant shall indemnify, protect, defend and hold harmless Landlord and its respective directors, employees and agents (collectively, the "Landlord's Indemnified Parties") against and in respect of any and all Environmental Claims arising out of, related to or incurred in connection with:

(i) any violation of any Government Rule associated with Tenant's use of the Property (but excluding any violations caused by Landlord or Landlord's agents, representatives, contractors or invitees);

(ii) any failure of Tenant to comply with Government Rules pertaining to the notification, investigation and remediation of spills resulting from Tenant's operations; or

(iii) any claim made by any person (other than claims by any governmental authority with appropriate jurisdiction or by Landlord as to which the provisions of clauses (i) and (ii) shall be the Landlord's Indemnified Parties' exclusive rights and remedies under this Section) arising out of the presence or release of Hazardous Materials on or from the Property that resulted from Tenant's operations or the actions of Tenant's agents, representatives, contractors or invitees (but excluding any claims to the extent arising out of the breach by Landlord of its obligations under this Lease).

(b) Exceptions to Indemnity. The indemnity provided under this Section 5.3 shall not apply to any otherwise indemnifiable Environmental Claims to the extent caused by or arising out of any negligent or willful act or omission of, or breach of this Lease by, Landlord's Indemnified Parties or their contractors or agents.

(c) Notice. Promptly after a Landlord Indemnified Party obtains knowledge of an Environmental Claim, such Landlord Indemnified Party shall notify Tenant under this Lease of such Environmental Claim in writing setting forth in reasonable detail the specific facts and circumstances relating to such Environmental Claim; provided, however, that any failure to give such notice will not waive any rights of the Landlord Indemnified Party except to the extent that the rights of Tenant are actually prejudiced thereby.

(d) Defense and Challenges. Landlord agrees that Tenant may employ attorneys of its own choice to appear and defend any such claim or action or to respond to such notice and that Landlord shall do nothing to compromise the defense of such claim or action or any settlement thereof or Tenant's response to such notice and shall provide Tenant with all reasonable assistance (at no out-of-pocket cost to Landlord) that Tenant may require in connection therewith. Tenant shall have the right to challenge in any manner provided by law both the issuance of any order, decree or judgment requiring the monitoring, mitigation or remediation of the Property and the scope of any activity required pursuant to any such order, judgment or decree. Any additional costs, damages, expenses, penalties or losses resulting from such actions by Tenant shall be indemnified under this Section 5.3.

(e) Compliance Actions. Tenant shall be permitted to take all actions at its sole expense as are necessary to comply with any mitigation or monitoring plan with respect to, or to remedy any contamination by, or the presence of, Hazardous Materials on or at the Property that are the responsibility of Tenant hereunder in accordance with any order, decree or agreed plan of

settlement from, by or with any governmental authority with jurisdiction, and, if Tenant is no longer in possession of the Property, Landlord shall provide such access to the Property and all cooperation and assistance (at no out-of-pocket cost to Landlord) as may be reasonably requested by Tenant in connection with such remediation or compliance. Tenant shall remediate any spill or release of Hazardous Materials as to which it is responsible pursuant to this Section 5.3 (which, for purposes of clarification, shall not obligate Tenant to remediate spills or releases of Hazardous Materials as to which Landlord is responsible pursuant to the terms of this Lease) to a standard that allows the unrestricted use of the Property, with no engineering or institutional controls, unless a less stringent standard is: (i) authorized by applicable Environmental Law or the relevant governmental authority and (ii) Landlord has previously accepted engineering or institutional controls on the Property in connection with a remediation of the Property to a restricted use standard (which institutional or engineering controls have been approved by the relevant governmental authority with jurisdiction over the remediation), or Landlord otherwise agrees (in its sole discretion) to the use of a less stringent remediation standard. During and after the Term, Tenant will be primarily responsible (unless otherwise agreed between Landlord and Tenant) for compliance with any monitoring, remediation or mitigation plan imposed with respect to the Property in connection with any Environmental Claims indemnified by Tenant under this Section 5.3. Landlord shall provide at no cost to Tenant such access and cooperation as may be reasonably requested by Tenant for purposes of such compliance. Notwithstanding the foregoing, if Tenant has a monitoring, remediation or mitigation obligation hereunder that will be on-going after the Term, the Parties may (but shall not be obligated to) negotiate an arrangement for Tenant to be released from its obligations after the Term, and for Landlord to assume said obligations, in exchange for Tenant's payment to Landlord of the reasonably projected future costs to complete the monitoring, remediation or mitigation (including an appropriate contingency).

5.5 Access to Property. Tenant shall provide Landlord with access, during normal business hours and upon the provision of reasonable notice, to allow Landlord and its agents, representatives and consultants, at Landlord's expense, to evaluate Tenant's compliance with applicable Environmental Laws and the environmental condition of the Property. Landlord's evaluation may include, in Landlord's discretion, sampling of environmental media at the Property; provided, that Landlord and its agents, representatives and consultants do not unreasonably interfere with Tenant's operation of the Improvements. Tenant shall use commercially reasonable efforts to cooperate with Landlord and its agents, representatives and consultants, including by making available employees or outside contractors with knowledge of relevant environmental issues and providing relevant documents related to Tenant's compliance with applicable Environmental Laws. Landlord shall indemnify, protect, defend and hold harmless Tenant and Tenant's Indemnified Parties against and in respect of any liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees) caused by Landlord or its agents, representatives or consultants in connection with such investigations, provided that Landlord shall not be liable to Tenant under the foregoing indemnity for any claims arising as a result of the mere discovery by Landlord of environmental violations of Tenant or Tenant's agents, representatives, contractors or invitees; any environmental conditions caused by the operations or actions of Tenant or Tenant's agents, representatives, contractors or invitees; or resulting from the negligence or intentional misconduct of Tenant.

5.6 Compliance with Applicable Environmental Law. Tenant shall comply in all material respects with applicable Environmental Law with respect to its ownership and operation of the Facility and Improvements on the Property.

5.7 Sole Remedy. The remedies provided to Landlord and Tenant in this Article 5 shall be the Parties' sole remedy against each other for Environmental Claims related to the Property, and each Party waives all common law and statutory actions or claims it might otherwise be able to assert against the other Party, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980; provided, that this limitation shall apply only in the event that the Party against whom the Environmental Claim is made is in compliance with the applicable provisions in this Article 5.

5.8 Survival. The provisions of this Article 5 shall survive the expiration or earlier termination of this Lease.

ARTICLE 6 USE OF PROPERTY AND IMPROVEMENTS

6.1 Permitted Uses. Tenant shall have the right to use the Property and Improvements throughout the Term to erect, construct, reconstruct, replace, operate, maintain and repair the Facility as agreed to in the Water Purchase Agreement, and for any and all purposes related thereto, including ancillary office uses. Tenant shall not have the right to use the Property or the Facility for any other purpose, except as otherwise agreed in writing by Landlord and Tenant. Tenant shall store and use Hazardous Materials only that are necessary for the operation of the Facility. Notwithstanding anything to the contrary herein, Tenant shall not treat, store or dispose of "hazardous waste" (as such term is defined in regulations implementing the federal Resource Conservation and Recovery Act) so as to require Tenant or Landlord to obtain a permit for such treatment, storage or disposal, or to subject the Property to corrective action, pursuant to the applicable regulations governing the treatment, storage and disposal of hazardous waste in the U.S. Virgin Islands.

ARTICLE 7 GENERAL COVENANTS

7.1 Tenant's General Covenants. Commencing on the date hereof and continuing throughout the Term, Tenant shall comply with each of the following covenants:

(a) Maintenance of Corporate Existence. To the extent necessary to perform its obligations hereunder, Tenant shall be (i) validly existing and in good standing under the laws of the U.S. Virgin Islands, or (ii) validly existing and in good standing under the laws of any state or other competent jurisdiction in the United States of America, and duly qualified or licensed to do business, and in good standing, in the U.S. Virgin Islands.

(b) Prohibition of Liens. Tenant shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Property or other property of Landlord, title thereto or any interest therein. Tenant shall promptly, at its own expense, take such action as may

be necessary to discharge or eliminate or bond in a manner reasonably satisfactory to Landlord any Lien if the same shall arise at any time.

(c) Abandonment. Tenant shall not abandon the construction or operation of the Facility, which abandonment shall be deemed to have occurred only after all or substantially all of Tenant's or its construction contractors' or operator's personnel have failed to be present on the Property for more than thirty (30) consecutive days, and where such failure is not the result of any force majeure event, as described in Section 13.13.

(d) Compliance with Water Purchase Agreement. Tenant shall comply with all of its obligations and the terms of the Water Purchase Agreement. Without limiting the generality of the foregoing, Tenant shall construct the Facility and repair the Intake Structures in accordance with the requirements contained in the Water Purchase Agreement, and Tenant shall operate and maintain the Facility (including handling and disposal of any waste, byproducts, or Hazardous Materials, if any) in accordance with Good Engineering and Operating Practice, the Codes and Standards, and Applicable Laws.

7.2 Landlord's General Covenants. Commencing on the date hereof and continuing throughout the Term, Landlord shall comply with each of the following covenants:

(a) Maintenance of Existence. To the extent necessary to perform its obligations hereunder, Landlord shall be (i) validly existing and in good standing under the laws of the U.S. Virgin Islands.

(b) Prohibition of Liens. Landlord shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Facility or other property of Tenant, title thereto or any interest therein. Landlord shall promptly, at its own expense, take such action as may be necessary to discharge or eliminate or bond in a manner reasonably satisfactory to Tenant any Lien if the same shall arise at any time.

(c) Abandonment. Landlord shall not abandon the operation of the Interconnection Facilities, Intake Structure, or any other portion of the Property essential to the performance of Tenant's duties under the Water Purchase Agreement, which abandonment shall be deemed to have occurred only after all or substantially all of Landlord's or its contractors' or operator's personnel have failed to be present on the Property for more than thirty (30) consecutive days, and where such failure is not the result of any force majeure event, as described in Section 14.13.

(d) Compliance with Water Purchase Agreement. Landlord shall comply with all of its obligations and the terms of the Water Purchase Agreement.

ARTICLE 8 TRANSFERS

8.1 Tenant's Right to Assign and Sublet: Any assignment or sublet of this Lease by Landlord or Tenant shall comply with Section 18.1 and Section 18.2, as the case may be, of the Water Purchase Agreement.

8.2 Tenant's Liability After Assignment. Regardless of any assignment by Tenant of its rights under this Lease to an assignee that has expressly assumed all of Tenant's obligations under this Lease by an appropriate instrument duly executed and delivered to Landlord, Tenant shall not be released from its obligations under this Lease to Landlord arising on and after the date of such assignment.

8.3 Landlord's Liability After Assignment. Regardless of any assignment by Landlord of its rights under this Lease to an assignee that has expressly assumed all of Landlord's obligations under this Lease by an appropriate instrument duly executed and delivered to Tenant, Landlord shall not be released from its obligations under this Lease to Tenant arising on and after the date of such assignment.

8.4 Successors and Assigns. The rights and obligations of Landlord and Tenant hereunder shall inure to the benefit of, and be binding upon, the permitted successors and assigns of Landlord and Tenant, respectively.

ARTICLE 9 INSURANCE

9.1 Evidence of Insurance: Landlord and Tenant shall at all times during this Lease comply with the Insurance provisions as found in Article 11 of the Water Purchase Agreement. Evidence of compliance with the Insurance Requirements shall be provided by Tenant to Landlord, and vice versa, as specified in Article 11 and Schedule 10 A and Schedule 10 B of the Water Purchase Agreement.

ARTICLE 10 INDEMNIFICATION

10.1 Indemnification by Tenant. Tenant shall indemnify, protect, defend and hold harmless Landlord's Indemnified Parties ("Indemnify") from and against any and all liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of action, charges, judgments, costs and expenses (including all reasonable attorneys' fees and court costs) (collectively, "Claims") of any nature resulting from any accident, injury, loss or damage whatsoever caused to any natural person, or to the property of any person, from or arising out of (a) the use, non-use, condition, possession, occupation, operation, improvement, repair, maintenance, removal or management by Tenant, its employees or its agents of the Facility or the Property; (b) the failure of Tenant to perform or comply with any term, covenant or condition of this Lease by which Tenant is bound; or (c) violation by Tenant of any Government Rule affecting the Property, or affecting any part thereof, or the ownership, occupancy, use, possession, operation, improvement, repair, maintenance, removal or management of the Property.

10.2 Indemnification by Landlord. Landlord shall Indemnify Tenant's Indemnified Parties from and against any and all Claims of any nature resulting from any accident, injury, loss or damage whatsoever caused to any natural person, or to the property of any person, from or arising out of (a) the use, non use, condition, possession, occupation, operation, improvement, repair, maintenance, removal or management by Landlord, its employees or its agents of the, the

Facility or the Property; (b) the failure of Landlord to perform or comply with any term, covenant or condition of this Lease by which Landlord is bound; or (c) violation by Landlord of any Government Rule affecting the Property, or affecting any part thereof, or the ownership, occupancy, use, possession, operation, improvement, repair, maintenance, removal or management of the Property.

10.3 Exclusions. There is hereby expressly excluded from the scope of the indemnities set forth in Sections 10.1 and 10.2: (a) any matter arising with respect to Hazardous Materials, which shall be governed by Article 5, and (b) any Claims to the extent caused by or arising out of any gross negligence or willful act or omission, or breach of this Lease by, (i) any Landlord's Indemnified Party with respect to the indemnity set forth in Section 10.1 or (ii) any Tenant's Indemnified Party with respect to the indemnity set forth in Section 10.2.

10.4 Procedure.

(a) Notice and Defense. The obligation of any Party (an "Indemnitor") to Indemnify another Party (the "Indemnitee") hereunder shall arise upon the receipt by an Indemnitor of a written notice from an Indemnitee of the institution of a Claim. In the event an Indemnitee hereunder receives notice of a Claim against which it is entitled to indemnification hereunder, such Indemnitee shall immediately give written notice thereof to the Indemnitor. The Indemnitor shall immediately take such measures as may be reasonably required to defend such Claim properly and effectively, and may defend same with counsel, consultants and experts of its own choosing. In the event the Indemnitor fails to defend such claim properly and effectively, then the Indemnitee may defend and/or settle such Claim with counsel, consultants and experts of its own choosing at the expense of the Indemnitor, provided, that the Indemnitee gives the Indemnitor prior written notice thereof.

(b) Settlement Procedures. An Indemnitor shall have the right to negotiate concerning, settle or contest any Claim in good faith; provided, however, that all such negotiations, agreements, activities and decisions regarding settlements that may affect the Indemnitee and its rights shall be subject to the Indemnitee's prior written approval, which approval shall not be unreasonably withheld or delayed. Notwithstanding anything to the contrary herein, the Indemnitee may, through representatives designated by the Indemnitee, participate fully in any and all negotiations, meetings and activities with third parties regarding such Claim. An Indemnitee shall not settle any Claim without prior written notice to the Indemnitor and without the Indemnitor's prior written consent (which shall not be unreasonably withheld or delayed). Any settlement entered into by an Indemnitor without an Indemnitee's prior written consent shall be void and of no effect.

10.5 Survival. The provisions of this Article 10 shall survive the expiration or earlier termination of this Lease.

ARTICLE 11 CONDEMNATION

11.1 Taking. If at any time during the Term the entire Property or any portion thereof (or ingress or egress thereto or therefrom) that is sufficient to render the remaining portion

thereof unsuitable for the use being made thereof at the time of such condemnation shall in fact be taken in or by condemnation or other proceedings pursuant to law, or sold in avoidance or in lieu of such condemnation or other proceedings (each of which is hereinafter in this Article referred to as a "taking"), then Tenant may give written notice to Landlord of Tenant's intention to terminate this Lease on or before the date of such taking, and this Lease shall thereupon terminate as of such date.

11.2 Award. If this Lease is terminated as a result of such taking, each Party hereto shall be entitled to prosecute claims in such condemnation proceedings for the value of its respective interest in the Property, as applicable, or any portion or interest therein.

11.3 Partial Taking. If a lesser portion of the Property is taken than is described in Section 11.1, or if the use or occupancy of the Property or any part thereof shall be temporarily requisitioned by any governmental authority, civil or military, this Lease shall nonetheless continue in full force and effect.

ARTICLE 12 EVENTS OF DEFAULT

12.1 Landlord's Notice of Event of Default. As soon as practicable following the occurrence of any Event of Default, Landlord shall (unless such Event of Default has been cured by Tenant) notify Tenant of the details thereof and the action Landlord is taking in respect thereto.

12.2 Tenant's Default. Each of the following events shall be an "Event of Default" by Tenant and a breach of this Lease by Tenant:

(a) Failure to Pay Rent. Tenant shall fail to make any payment of Rent to be made by it hereunder or to pay any other charges of whatsoever nature to be made by Tenant under this Lease within ten (10) Business Days after receiving notice from Landlord that such Rent or other amount is past due.

(b) Failure to Perform Conditions and Covenants. Tenant shall fail duly to observe or perform any material obligation including all Conditions and Covenants under this Lease, other than an obligation to pay Rent or other amounts due under this Lease, for a period of thirty (30) days after Landlord gives Tenant written notice of such failure, with such notice describing in reasonable detail the nature of the failure (such notice, a "Notice of Default"); provided, however, that if such failure to perform is not reasonably capable of being cured within such thirty (30) day cure period but is reasonably capable of being cured, Tenant shall have such additional time, not to exceed sixty (60) days, as is reasonably necessary to cure such non-performance, so long as Tenant promptly commences and diligently pursues such cure.

(c) Removal of Facility and Improvements. In the event of a default under this Lease or the Water Purchase Agreement and such default is not cured within the Cure Period as defined in this Lease and the Water Purchase Agreement, Tenant shall remove all the Improvements and restore the Property in compliance with Section 4.6 within one hundred eighty (180) days.

(d) Representations and Warranties False. Any representation or warranty made by Tenant in this Lease shall prove to have been materially false when made or repeated, and such falsity in the representation materially and adversely affects Tenant's ability to perform its material obligations under this Lease.

(e) Insolvency. Tenant fails to maintain solvency, including:

(i) Inability, failure, or refusal to pay debts as they mature; entry into an arrangement with or for the benefit of its creditors; consent to or acquiescence in the appointment of a receiver, trustee, or liquidator for a substantial part of Tenant's property;

(ii) Bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding instituted by or against Tenant under the laws of any jurisdiction, which proceeding is not dismissed within ninety (90) days;

(iii) Any action or answer in a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding in which Tenant approves of, consents to, or acquiesces in, any such proceeding; or

(iv) The levy of any distress, execution, or attachment upon Tenant's property which shall substantially interfere with Tenant's performance hereunder; provided, that this form of insolvency shall not be deemed to have occurred if the insolvency is caused primarily by Landlord's failure to make any payment due pursuant to this Lease within thirty (30) days of when it becomes due and payable.

(e) Insurance. Tenant fails to maintain adequate insurance in accordance with Article 9 and applicable schedules of the Water Purchase Agreement and fails to cure such default within the Cure Period as defined by the Water Purchase Agreement.

(f) Default under Related Agreements. An Event of Default, as defined in the Water Purchase Agreement, arising from a failure by Tenant to perform its obligations under the Water Purchase Agreement, has occurred and is continuing as prescribed in the Water Purchase Agreement in Section 13.1.

12.3 Landlord's Remedies. If any Event of Default by Tenant occurs, Landlord shall have the following remedies:

(a) Termination. In the event of a Default described in Section 12.1 herein or and or Default described in Section 13.1 of the Water Purchase Agreement, then Landlord shall have the right to terminate this Lease with sixty (60) day written notice the conclusion of which Landlord shall have the immediate right to enter the Property and take full possession thereof and to recover all of the damages allowable pursuant to the Water Purchase Agreement.

(b) Except as provided in this Section 12 and Section 2.3, which covenant of quiet enjoyment is herewith reaffirmed by Landlord, this Lease shall not terminate, nor shall Tenant's interest in this Lease be extinguished, lost, conveyed or otherwise impaired, or be merged into or with any other interest or estate in the Property or any other property interest, in whole or in part, by any cause or for any reason whatsoever, including, but not limited to (i) any damage to or

destruction of all or any part of the Facility, (ii) the coincident ownership by any person (including Landlord) of any estate or interest in the Property or any other rights granted or conveyed pursuant to this Lease with any estate or interest in the Property, (iii) any inadequacy, incorrectness or failure of the description of the Property or any property or rights intended to be granted or conveyed by this Lease or (iv) any other reason whatsoever, whether similar or dissimilar to any of the foregoing.

12.4 Landlord's Right to Possess. The Landlord has such rights to possession of the Property (the "Step-in Rights") as are set forth in Section 13.4 of the Water Purchase Agreement.

12.5 Continuation. This Lease shall continue in full force and effect during any Step-in-Rights period with Landlord continuing to enforce any of its other rights and remedies hereunder, including, without limitation, the right to recover all of the Rent as it becomes due under this Lease. Any such continuation shall terminate on the expiration of the Term or the Renewal Term, if applicable.

12.6 Additional Rights. During any Step-in-Rights period, Landlord may pursue all rights and remedies of Landlord, which shall in any event be cumulative and not alternative, and shall be in addition to any and all rights provided by law or equity, in connection with which Tenant does hereby agree that (i) the waiver of any default by Landlord shall be effective only if in writing signed and dated by Landlord and shall not in any event be continuing in nature or otherwise a waiver of any subsequent default, (ii) the acceptance of any unpaid but due portion of the rent or other charges shall be in mitigation of Landlord's damages and shall not, unless in writing signed and dated by Landlord, (A) constitute a waiver of any default, or any of the rights and remedies of Landlord hereunder, at law or at equity or (B) invalidate or compromise any notice of a default provided before such acceptance, or any deadline specified in such notice, and (iii) Landlord, in its discretion, without prejudice to any other remedies Landlord may have, may, following the continued failure of Tenant to cure any default after receipt of written notice thereof and a reasonable opportunity to effectuate such cure, elect to cure such default, in which event Tenant shall, within ten (10) Business Days after Landlord provides Tenant with written notice to do so, pay to Landlord as additional Rent any and all reasonable costs and expenses incurred by Landlord in connection therewith.

12.7 Tenant's Notice of Event of Default. As soon as practicable following the occurrence of any Event of Default, Tenant shall, unless such Event of Default has been cured by Landlord, notify Landlord of the details thereof and the action Tenant is taking in respect thereto.

12.8 Landlord's Default. Each of the following events shall be a default by Landlord and a breach of this Lease by Landlord:

(a) Failure to Perform Conditions and Covenants. Landlord shall fail duly to observe or perform any material obligation including all Conditions and Covenants under this Lease for a period of thirty (30) days after Tenant gives Landlord written notice of such failure, with such notice describing in reasonable detail the nature of the failure; provided, however, that if such failure to perform is not reasonably capable of being cured within such thirty (30) day cure period but is reasonably capable of being cured, Landlord shall have such additional time,

not to exceed sixty (60) days, as is reasonably necessary to cure such non-performance, so long as Landlord promptly commences and diligently pursues such cure.

(b) Representations and Warranties False. Any representation or warranty made by Landlord in this Lease shall prove to have been materially false when made or repeated, and such falsity in the representation materially and adversely affects Tenant's material rights under this Lease.

(c) Insolvency. Landlord fails to maintain solvency, including:

i. Inability, failure, or refusal to pay debts as they mature; entry into an arrangement with or for the benefit of its creditors; consent to or acquiescence in the appointment of a receiver, trustee, or liquidator for a substantial part of Landlord's property;

ii. Bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding instituted by or against Landlord under the laws of any jurisdiction, which proceeding is not dismissed within ninety (90) days;

iii. Any action or answer in a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding in which Landlord approves of, consents to, or acquiesces in, any such proceeding; or

iv. The levy of any distress, execution, or attachment upon Landlord's property which shall substantially interfere with Landlord's performance hereunder.

(d) Default Under Related Agreements. An Event of Default (as defined in the Water Purchase Agreement), arising from a failure by Landlord to perform its obligations under the Water Purchase Agreement, has occurred and is continuing.

(e) Landlord fails to maintain adequate insurance in accordance with Article 9 and applicable schedules of the Water Purchase Agreement and fails to cure such default within the Cure Period as defined by the Water Purchase Agreement.

12.9 Tenant's Remedies. If any Event of Default by Landlord occurs, Tenant shall have the following remedies:

(g) Termination. In the event of a Default described in Section 12.4 herein or and or Default described in Section 13.2 of the Water Purchase Agreement, then Tenant shall have the right to terminate this Lease with sixty (60) day written notice and to recover all of the damages allowable pursuant to the Water Purchase Agreement.

(b) Except as provided in this Section 12 and Section 2.3, which covenant of quiet enjoyment is herewith reaffirmed by Landlord, this Lease shall not terminate, nor shall Landlord's interest in this Lease be extinguished, lost, conveyed or otherwise impaired, or be merged into or with any other interest or estate in the Property or any other property interest, in whole or in part, by any cause or for any reason whatsoever, including, but not limited to (i) any damage to or destruction of all or any part of the Facility, (ii) the coincident ownership by any person (including Landlord) of any estate or interest in the Property or any other rights granted or

conveyed pursuant to this Lease with any estate or interest in the Property, (iii) any inadequacy, incorrectness or failure of the description of the Property or any property or rights intended to be granted or conveyed by this Lease or (iv) any other reason whatsoever, whether similar or dissimilar to any of the foregoing.

12.10 Actions for Damages. Without limiting Landlord's other remedies provided herein or otherwise existing, Landlord shall have the right to bring an action against Tenant if an Event of Default by Tenant shall have occurred and be continuing, for recovery of Rent and other obligations due and owing under this Lease, damages or equitable relief including eviction or specific performance where appropriate. Without limiting Tenant's other remedies provided herein or otherwise existing, Tenant shall have the right to bring an action for damages or equitable relief (including specific performance where appropriate) against Landlord if a default by Landlord shall have occurred and be continuing.

12.11 Limitation on Liability. Notwithstanding anything to the contrary in this Lease, (a) neither Party shall be entitled to recover from the other Party any consequential, special or punitive damages (except those payable by the indemnified Party with respect to third party claims), regardless of whether such other Party's liability arose out of an Event of Default, an indemnification obligation or otherwise, and (b) the sum of either Party's liabilities hereunder together with such Party's liabilities under the Water Purchase Agreement and the Interconnection Agreement shall not exceed the limitations thereon set forth in Section 14.5 of the Water Purchase Agreement.

ARTICLE 13 MISCELLANEOUS

13.1 Expenses. Unless otherwise expressly provided in this Lease, each of Landlord and Tenant shall pay all its costs and expenses associated with this Lease, including the fees and disbursements of its counsel, printing and duplicating expenses, travel expenses and all other necessary fees.

13.2 Governing Law. This Lease shall be governed by, and construed in accordance with the laws of the U.S. Virgin Islands.

13.3 Business Days. If any date on which a payment is to be made, notice given or other action taken hereunder is not a Business Day, then such payments, notice or other action shall be made, given or taken on the next succeeding Business Day; and with respect to any payment, no interest shall accrue for the delay.

13.4 Third Party Beneficiaries. Landlord and Tenant acknowledge that the respective rights and remedies under this Lease are for the benefit of, and can be exercised only by, Landlord and Tenant and any indemnitees under any provision of this Lease as their interests appear.

13.5 Entire Agreement. This Lease constitutes the entire agreement and understanding of Landlord and Tenant with respect to the subject matter hereof and thereof, and supersedes all oral statements and writings with respect thereto made prior to the date hereof.

13.6 Headings. The headings or titles of the Articles and Sections of this Lease shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Lease.

13.7 Notices. All notices required to be given hereunder shall be deemed delivered when deposited in the United States express mail, certified and return receipt requested, or when deposited with a nationally recognized express courier service that provides a receipt of delivery, or when delivered by personal delivery, addressed to the following persons or such other persons as the Parties may designate in writing:

If to Landlord:

Hugo V. Hodge, Jr.
Executive Director
The Virgin Islands Water and Power Authority
P.O. Box 1450
St. Thomas, Virgin Islands, USA 00804-1450

If to Seller:

Seven Seas Water Corporation (USVI)
6200 Frydenhoj Estate Suite 4
St. Thomas, VI 00802
Attention: Operations Manager

with copies (which shall not constitute notice) to:

Seven Seas Water Corporation
14400 Carlson Circle
Tampa, FL 33626
Attention: Chief Financial Officer
and
Goodwin Procter LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention: Mark H. Burnett

13.8 Severability. In the event that any provision of this Lease shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties shall negotiate in good faith and agree to such amendments, modifications, or supplements to this Lease, or such other appropriate actions, as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein, and the other provisions of this Lease shall, as so amended, modified, supplemented, or otherwise affected by such action, remain in full force and effect.

13.9 Amendment. Neither this Lease nor any of the terms hereof may be terminated, amended or waived orally, but only by an instrument in writing signed by the Party against which the enforcement of the termination, amendment or waiver shall be sought.

13.10 Additional Assurances. Each Party agrees to, and shall use all reasonable efforts to, provide such information, execute and deliver any instruments and documents and take such action as may be necessary or reasonably requested or required by the other Party, which are not inconsistent with the provisions of this Lease and which do not involve the assumption of obligations other than those provided for in this Lease in order to give full force and effect to this Lease and to carry out its intent.

13.11 Estoppel Certificates. Tenant or Landlord, as the case may be, shall execute, acknowledge, and deliver to the other, promptly upon request by Tenant or Landlord a certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and stating the modifications), (b) the dates, if any, to which the Rent has been paid, (c) that there are no existing offsets or defenses against the enforcement of any term hereof on the part of Tenant to be performed or complied with or, if so, specifying the same, and (d) that no notice has been given to either Party of any default that has not been cured or, if so, specifying the same.

13.12 Landlord's Right of Inspection. Landlord may, subject to Section 2.4, during normal business hours and on reasonable notice to Tenant during the Term, enter upon the Property for the purpose of inspecting any Improvements and for such other purposes as may be necessary or proper for the reasonable protection of its interest.

13.13 Force Majeure.

(a) Effect of Force Majeure. Neither Party shall be liable to the other Party for failure to perform any obligation hereunder, when such failure is the result of the occurrence of Force Majeure after the Effective Date; provided, that neither Party shall be excused from any obligation to pay amounts due under this Lease by reason of Force Majeure. Upon becoming aware of an occurrence of Force Majeure, or that any such event is reasonably expected to occur, the affected Party shall promptly notify the other Party of such event, or such pending event, as the case may be. The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required as a result of the Force Majeure. The non-performing Party shall proceed with reasonable diligence to remedy its inability to perform and shall provide weekly progress reports to the other Party describing actions taken to end the Force Majeure; provided, that the non-performing Party shall not be required to settle any strikes on terms that are adverse to such Party and not commercially reasonable. When the non-performing Party is able to resume performance of its obligations under this Lease, that Party shall give the other Party written notice to that effect. Except as otherwise expressly provided for in this Lease, the existence of Force Majeure shall not relieve the Parties of their obligations under this Lease, including payment obligations, to the extent that performance of such obligations is not precluded by such Force Majeure.

(b) Termination Due to Force Majeure. Except as specifically provided in Section 13.13(c), in the event that either Party's delay or failure of performance caused by Force Majeure

continues for an uninterrupted period of twelve (12) months, the other Party may terminate this Lease upon written notice to the affected Party, and neither Party shall have any further obligations hereunder except as to costs and balances incurred prior to the effective date of such termination and except as to provisions of this Lease that expressly survive the termination thereof.

(c) Damage by Hurricane. Notwithstanding the provisions of Section 13.13(b), if the Force Majeure that would excuse the performance of a Party under this Lease is a hurricane that destroys all or a substantial portion of the facilities of a Party, such that the affected Party could not reasonably be expected to resume performance of its material obligations under this Lease for a period in excess of twelve (12) months, then without limiting the provisions of Section 13.13(a), the affected Party shall elect, by notice to the other Party given within sixty (60) days of such event, whether it will restore such facilities, which restoration will be at the sole expense of the affected Party. Without limiting the requirements of Section 4.6, if the affected Party does not give such notice by such date, or gives notice at any time that it does not elect so to restore its facilities, then the other Party shall have the right to terminate this Lease as provided in Section 13.13(b) by thirty (30) days' notice to the affected Party, given any time after the later of (i) receipt of notice from the affected Party that it does not elect so to restore its facilities, or (ii) the date one hundred eighty (180) days after such event. If the affected Party does elect within such one hundred eighty (180) day period to restore its facilities, then provided that such affected Party proceeds with reasonable diligence to complete such restoration, the period set forth in Section 13.13(b) shall be extended until the First (1st) anniversary of such event.

13.14 Resolutions of Disputes.

(a) The provisions of Article 16 of the Water Purchase Agreement shall govern the resolution of any disputes arising under or related to this Lease.

(b) Consolidation. Any arbitration of any Dispute under this Lease involving facts and circumstances in common with any "Dispute" arising under and as defined in the Water Purchase Agreement shall be consolidated, upon notice from either Party, with any arbitration under the Water Purchase Agreement with respect to such other dispute.

(c) Forcible Entry & Detainer. Notwithstanding any other provision contained herein, the dispute resolution provisions contained in this Section 13.14 shall not be interpreted or construed to prevent the Landlord from filing and prosecuting a forcible entry and detainer action in the Superior Court of the Virgin Islands or the District Court of the Virgin Islands to obtain possession of the Property following the expiration or earlier termination of the Lease.

13.15 Memorandum of Lease. Tenant shall have the right to record a memorandum of this Lease in the form attached hereto as Exhibit D, and Landlord shall execute such memorandum concurrently with the execution of this Lease.

13.16 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original but which together shall constitute a single instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Lease to be duly executed and delivered by their authorized representatives as of the day and year first above written.

ATTEST:

SEVEN SEAS WATER CORPORATION
(USVI)

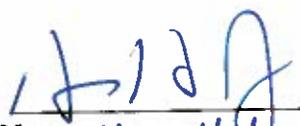


By:  5/12/11
Name: Douglas R. Brown
Title: CEO

ATTEST:

VIRGIN ISLANDS WATER AND POWER
AUTHORITY



By:  5/12/11
Name: Hugo Hodge Jr.
Title: Executive Director / CEO

APPROVED AS TO LEGAL FORM AND
CONTENT

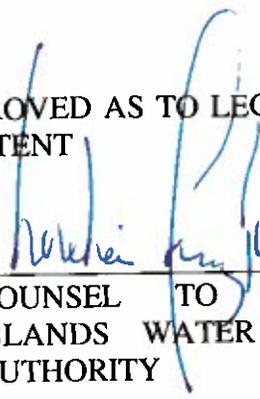
By:  5/12/11
COUNSEL TO THE VIRGIN
ISLANDS WATER AND POWER
AUTHORITY

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[To be provided]

EXHIBIT B

INSURANCE REQUIREMENTS

Please refer to Schedule 10.A and 10.B of the Water Purchase Agreement

EXHIBIT C

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE ("Memorandum") is made as of the 12th day of May, 2011 (the "Effective Date"), by and between VIRGIN ISLANDS WATER AND POWER AUTHORITY, a public authority established and existing under the laws of the United States Virgin Islands, as landlord ("Landlord"), and SEVEN SEAS WATER CORPORATION (USVI), a U.S. Virgin Islands Corporation, as tenant ("Tenant").

RECITALS

A. Landlord and Tenant have entered into that certain unrecorded Lease Agreement of even date herewith (the "Lease"). All capitalized terms not otherwise defined herein shall have the meaning assigned thereto in the Lease.

B. Landlord and Tenant desire to provide notice that Tenant has the right to lease that certain real property consisting of approximately _____ acres located on the island of St. Thomas in the U.S. Virgin Islands and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"), on the terms and conditions as more fully set forth in Lease.

NOW, THEREFORE, in consideration of the facts hereinabove set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

1. Demise of Property. Landlord leases to Tenant, and Tenant leases from Landlord, the Property, subject to the terms and conditions set forth in the Lease. The term of the Lease shall commence on the Effective Date and shall expire on _____, 20____, subject to extension as provided in Paragraph 2 below.

2. Extension Options. Landlord has granted to Tenant the right to renew the term of the Lease for an additional five (5) year period.

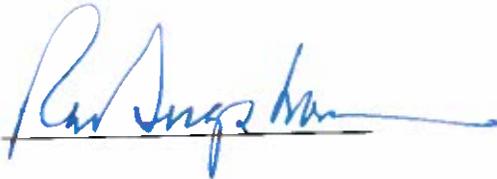
3. Incorporation by Reference; No Modification of Lease. The terms and conditions of the Lease are incorporated herein by this reference. This Memorandum is prepared and recorded for the purpose of putting the public on notice of the Lease, and this Memorandum in no way modifies the terms and conditions of the Lease. In the event of any inconsistency between the terms and conditions of this Memorandum and the terms and conditions of the Lease, the terms and conditions of the Lease shall control.

[Signature Page follows].

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the date first above written.

ATTEST:

SEVEN SEAS WATER CORPORATION
(USVI)



By: _____
Name: Douglas R. Brown
Title: CEO

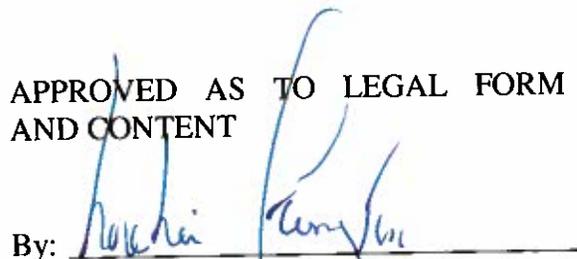
ATTEST:

VIRGIN ISLANDS WATER AND
POWER AUTHORITY



By: 5/12/11
Name: Hugo Hodge Jr.
Title: Executive Director/CEO

APPROVED AS TO LEGAL FORM
AND CONTENT



By: _____
COUNSEL TO THE VIRGIN
ISLANDS WATER AND POWER
AUTHORITY

TERRITORY OF THE VIRGIN ISLANDS)
) SS:
DIVISION OF ST. THOMAS)

The foregoing instrument was acknowledged before me, the authority signing below, on this 12 day of May, 2011, by Hugo V. Hodges Jr., as Executive Director of VIRGIN ISLANDS WATER AND POWER AUTHORITY, whom I know to me to be Landlord and the witnesses, respectively, whose names are subscribed to this instrument.


NOTARY PUBLIC

My Commission Expires: At Pleasure
of Lt-Governor

TERRITORY OF THE VIRGIN ISLANDS)
) SS:
DIVISION OF ST. THOMAS)

The foregoing instrument was acknowledged before me, the authority signing below, on this 12 day of May, 2011, by Douglas C. Brown, as Chief Executive Officer of SEVEN SEAS WATER CORPORATION (USVI), a U.S. Virgin Islands Corporation, whom I know to me to be Tenant and the witnesses, respectively, whose names are subscribed to this instrument.


NOTARY PUBLIC

My Commission Expires: at Pleasure
of Lt-Governor

WATER PURCHASE AGREEMENT

by and between

VIRGIN ISLANDS WATER AND POWER AUTHORITY

and

SEVEN SEAS WATER CORPORATION (USVI)

dated as of

May 12, 2011

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WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT (this "Agreement") is made and entered into as of May 12, 2011 ("Contract Commencement Date") by and between the VIRGIN ISLANDS WATER AND POWER AUTHORITY ("WAPA"), a public authority established and existing under the laws of the United States Virgin Islands (the "U.S. Virgin Islands"), and Seven Seas Water Corporation (USVI), ("Seven Seas"), a corporation organized and existing under the laws of the United States Virgin Islands. Each of WAPA and Seven Seas may be referred to in this Agreement as the "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Seven Seas desires to construct, own and operate a 3.3 MGD water production facility (as more fully described in Exhibit A hereto, the "Facility") located at the Randolph Harley Generation Plant on the island of St. Thomas, U.S. Virgin Islands; and,

WHEREAS, Seven Seas desires to sell and deliver to WAPA, and WAPA desires to purchase and accept from Seven Seas, water produced by the Facility; and,

WHEREAS, Seven Seas has responded to WAPA's 2010 Request for Proposals (PR-19-10) to provide water, product pumping and transfer tank with a capacity of no more than 20 kgal to WAPA (the "RFP"), and WAPA has selected Seven Seas to provide water, product pumping and transfer tank with a capacity of no more than 20 kgal in accordance with the terms and conditions of this Agreement; and,

WHEREAS, concurrently with the execution and delivery of this Agreement, WAPA and Seven Seas have executed and delivered to one another a lease in the form set forth as Exhibit E (the "Lease"), pursuant to which WAPA is leasing the Site to Seven Seas; and,

NOW, THEREFORE, in consideration of the mutual promises and covenants of each Party to the other contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

The following terms shall have the meanings set forth below:

"**Affiliate**" of a given party means any other person directly or indirectly controlling, directly or indirectly controlled by, or under direct or indirect common control with, such Party and any assigns, subsidiaries, or any new entity formed as result of a merger, consolidation, or reorganization involving the Party, or in connection with a sale of all or substantially all of the assets or voting stock of the Party. For this purpose, "controlling" means having fifty percent (50%) or greater ownership of voting securities of the entity controlled (or, without such ownership, having the right by contract or otherwise to direct the management and policies of the entity controlled).

“**Agreement**” has the meaning set forth in the Preamble.

“**Applicable Interest Rate**” means the interest rate, as applicable, of nine percent (9%) per annum for any amounts outstanding between 31 and 60 days from the date originally invoiced, twelve percent (12%) per annum for any amounts outstanding between 61 and 90 days from the date originally invoiced and fifteen percent (15%) per annum for any amounts outstanding for more than 90 Days from the date originally invoiced.

“**Applicable Laws**” means any and all federal, U.S. Virgin Islands, state, or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, mandates, judgments, orders, decrees, Permits and Approvals, codes or license requirements, or other governmental requirements or restrictions, or any interpretation or administration of any of the foregoing by any Governmental Authority, that apply to the services or obligations of either Party under this Agreement, whether now or hereafter in effect.

“**Billing Period**” means each calendar month commencing on the Commercial Operation Date and ending on the last Day of the Contract Term; provided, that the first Billing Period shall commence on the Commercial Operation Date and shall end at 12:00 midnight at the end of the last Day of the calendar month in which the Commercial Operation Date occurs and the last Billing Period shall end at 12:00 midnight at the end of the last Day of the Contract Term.

“**Change in Law**” means the enactment, adoption, promulgation, modification, repeal, or change after the Contract Date of any Applicable Law that (a) applies directly to Seven Seas, WAPA, the Facility, the Site or WAPA’s Water System and (b) establishes requirements that significantly and adversely impact either Party financially or operationally, or imposes on either Party burdens significantly greater than those that were in effect with respect to operation of the Facility or WAPA’s Water System on the Contract Date.

“**Codes and Standards**” means all industrial or engineering codes, standards, or guidelines, and insurance requirements applicable to the design, engineering, construction, completion, start-up, testing, commissioning, operation or maintenance of the Facility.

“**Commercial Operation Date**” means the date that WAPA provides notice to Seven Seas, pursuant to Section 3.4, that all of the conditions set forth on Schedule 3 have been satisfied and Seven Seas has met the requirements of Schedule 4.

“**Confidential Information**” means all confidential information, trade secret information, or proprietary information, in written or electronic form, which is disclosed by the Disclosing Party to the Receiving Party, and which is marked or designated in writing at the time of disclosure as “proprietary” or “confidential”; provided, that Confidential Information shall exclude (i) information that, at the time of disclosure hereunder, is in the public domain, other than information that entered the public domain by breach of this or any other agreement, or in violation of any Applicable Law; (ii) information that, after disclosure hereunder, enters the public domain, other than information that entered the public domain by breach of this or any other agreement, or in violation of any Applicable Law; (iii) information that, prior to disclosure hereunder, was already in the Receiving Party’s possession, either without limitation on disclosure to others or subsequently becoming free of such limitation; (iv) information obtained

by the recipient from a third party having an independent right to disclose the information; or (v) information that is available through independent research without use of or access to Confidential Information.

“Construction Security Amount” has the meaning set forth in Section 3.12.

“Consulting Engineer” means a reputable engineering firm, experienced in the water treatment industry, selected by WAPA with the approval of Seven Seas, such approval shall not unreasonably be withheld or delayed, and retained by WAPA at WAPA’s expense.

“Contract Capacity” means 3.0 MGD for First Pass Water and 0.5 MGD for Ultrapure Water.

“Contract Date” and **“Contract Commencement Date”** means the date of execution of this Agreement.

“Contract Term” has the meaning set forth in Section 2.1.

“Coral Bay” means Coral Bay, St. John, U.S. Virgin Islands.

“Day” means a calendar day.

“Delivery Point(s)” means the physical point on the “Interconnection Facilities” where Seven Seas’s ownership and maintenance responsibility ends – which will include the water meters used to measure First Pass Water and Ultrapure Water and as set forth in Schedule 6 – and WAPA’s ownership and maintenance responsibility begins. The location of the Delivery Point(s) shall be on WAPA’s property, as close as practical, but no further than fifteen feet (15’) from Seven Seas’s leased premises.

“Disclosing Party” has the meaning set forth in Section 18.8

“Disclosure Order” shall mean a judgment or final order from a court of competent jurisdiction, which orders the Receiving Party to disclose Confidential Information.

“Dispute” has the meaning set forth in Section 16.2.

“Dispute Notice” has the meaning set forth in Section 16.2.

“Dollars” or **“\$”** means United States Dollars.

“DPNR” means the U.S. Virgin Islands Department of Planning and Natural Resources or its successors.

“EDI” means the electrodeionization of water to produce Ultrapure Water.

“EPA” means the U.S. Environmental Protection Agency or its successors.

“Extended Operation Date” has the meaning set forth in Section 3.5(b).

“Extended Outage” means (a) a complete outage at the Facility for more than thirty (30) consecutive Days due to circumstances within Seven Seas’s control, or (b) the failure of Seven Seas to schedule and deliver for any consecutive sixty (60) Day period at least 3.0 MGD of First Pass Water and 0.5 MGD of Ultrapure Water using EDI from the Facility due to circumstances within Seven Seas’s control, provided that WAPA’s demand requirements for First Pass Water and Ultrapure Water dictated such a need during the above-referenced consecutive 60-day period in accordance with Schedule 11.

“Facility” has the meaning set forth in the Recitals.

“First Pass Water” means water produced by seawater reverse osmosis that meets the water standards set forth in Section 4.3 (a-b).

“Gallon” means a unit of liquid measure equal to four (4) United States quarts.

“Good Engineering and Operating Practices” means generally accepted and sound utility industry practices, methods and acts applicable to similarly situated U.S. facilities, which at a particular time, in the exercise of reasonable judgment in light of the facts known or that reasonably should be known at the time a decision is made, would be expected to accomplish the desired result in a manner consistent with Applicable Laws, reliability, safety, environmental protection, economy and expedition. With respect to the Facility, Good Engineering and Operating Practices include, but are not limited to, taking reasonable steps to ensure that:

- (a) adequate materials, resources and supplies, including raw water in sufficient reliable volumes and quality, are available to meet the Facility’s needs under normal conditions and reasonable anticipated abnormal conditions;
- (b) sufficient qualified operating, maintenance and supervisory personnel are available and adequately experienced and trained to operate, maintain and supervise the Facility properly, efficiently and within manufacturer’s guidelines and specifications and are capable of responding to emergency conditions;
- (c) preventive, routine and non-routine maintenance and repairs are performed on a basis that ensures reliable and safe long-term operation, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment, tools and procedures;
- (d) appropriate monitoring and testing are done periodically to ensure that equipment and systems are functioning as designed and to assure that equipment and systems will function properly under normal conditions and emergency conditions; and
- (e) equipment and systems are operated in a manner safe to workers, the general public and the environment and with regard to design and operating limitations such as pressure, temperature, chemical content, quality of effluent and so forth.

“Governmental Authority” means (a) the government of the U.S. Virgin Islands, (b) any federal, state, local, municipal or other government, or (c) any other governmental, quasi-governmental, regulatory or administrative agency, commission or other authority lawfully

exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory, or taxing authority or power having jurisdiction over either Party, the Site, the Facility, the Interconnection Facilities, or WAPA's Water System, whether acting under actual or assumed authority; provided, that for purposes of this Agreement, WAPA shall not be deemed to be a Governmental Authority.

"Installed Capacity" means the maximum capacity which the Facility is designed to produce daily which will initially be 3.3 MGD of First Pass Water, a portion of which will be further processed to produce 0.55 MGD of Ultrapure Water. The Installed Capacity may also be expanded to a total of 4.4 MGD of First Pass Water according to the procedure as set forth in Schedule 1.

"Interconnection Point(s)" for First Pass Water means the physical point of interconnection to WAPA's Water System as depicted in PR-19-10, Clarification 1.8.e Exhibit G; and for Ultrapure Water means the physical point of interconnection to WAPA's Ultrapure Water System as agreed by both Parties and depicted in Exhibits A 1-4 of this Agreement.

"Interconnection Facilities" means all facilities and equipment including the high pressure protective devices as depicted in Exhibit G, physical structures, easements and right of ways – installed by Seven Seas at Seven Seas's cost – necessary to connect Seven Seas's Facility to WAPA's Interconnection Point(s). Upon Seven Seas's Commercial Operation Date, ownership and maintenance responsibility of the Interconnection Facilities beyond the Delivery Point(s) shall be transferred to WAPA.

"Intake Structure" shall mean WAPA's existing intake structures No. 2, also known as "Middle Intake," and No. 3, also known as "South Intake," owned by WAPA and located approximately 750' from the Facility.

"Invoice" has the meaning set forth in Section 5.2(b).

"kgal" means thousand Gallons.

"KGD" means thousand Gallons per day.

"MGD" means million Gallons per day.

"Milestones" has the meaning set forth in Section 3.4(a).

"Minimum Water Quality" has the meaning set forth in Section 4.3(a-b).

"Operating Representatives" has the meaning set forth in Section 8.5.

"Party" or **"Parties"** has the meaning set forth in the Preamble.

"Permits and Approvals" means any and all permits, approvals, consents, authorizations, agreements, licenses, or inspection certificates of, by, or with any Governmental Authority necessary or desirable for Seven Seas to construct, own and operate the Facility for the distribution of Water to WAPA.

“**Person**” means any legal or natural person, including any individual, corporation, partnership, limited liability company, joint stock company, association, joint venture, trust, Governmental Authority or other entity.

“**Project Management Procedures**” has the meaning set forth in Section 8.6.

“**Public Request**” shall have the meaning set forth in Section 18.8(c).

“**Receiving Party**” has the meaning set forth in Section 18.8(a).

“**RFP**” has the meaning set forth in the Recitals.

“**Request**” shall mean any demand, application, freedom of information act (FOIA) submission, claim, lawsuit or inquiry sent to or served upon the Receiving Party, in any form, that seeks Confidential Information.

“**Required Disclosure**” has the meaning set forth in Section 18.8(b).

“**Safe Drinking Water Standards**” has the meaning set forth in Section 4.3(a-b).

“**Scheduled Maintenance Outages**” means those scheduled maintenance outages for the Facility planned by Seven Seas each calendar year pursuant to Section 8.2.

“**Seven Seas**” shall mean Seven Seas Water Corporation (USVI), regardless of a change in name resulting from a merger, consolidation or any sale of Seven Seas.

“**Site**” means the parcel of land on the island of St. Thomas, U.S. Virgin Islands, as more particularly described on Exhibit A where the equipment comprising the Facility will be situated.

“**Storage and Distribution Facilities**” means storage tanks, pumps, pipe, valves, fittings, and other appurtenances used for the transmission, storage and distribution of potable water.

“**Test Protocol**” has the meaning set forth in Section 3.10.

“**Test Water**” has the meaning set forth in Section 3.11

“**UCC**” means the Uniform Commercial Code of the U.S. Virgin Islands.

“**Ultrapure Water**” means First Pass Water that is further processed by brackish water reverse osmosis and EDI to meet the water standards set forth in Section 4.3(c).

“**Uncontrollable Circumstance**” means any act, event or condition, that is not caused by the negligence or lack of due diligence of the Party relying thereon as justification for any failure of performance hereunder, that is beyond the reasonable control of such party, and that has a material adverse effect on the performance of the affected Party’s obligations under this Agreement, including: (a) act of God, hurricane, tornado, lightning, earthquake, fire, explosion, flood, act of public enemy, war, blockade, insurrection, riot or civil disturbance, sabotage, or the exercise of the power of eminent domain, condemnation or other taking by or on behalf of any

public, quasi-public or private Person; (b) a deviation of feed water quality by greater than 10% of those parameters found in Exhibit C, with the exception of that parameter for temperature; and (c) Change in Law; provided, that the following acts or events shall not be considered an Uncontrollable Circumstance: (i) breakdown of the affected Party's equipment (or inability to use such equipment) caused by its design, construction, operation, maintenance or inability to meet regulatory standards existing at the time of execution of this Agreement or otherwise caused by an event originating from the affected Party's equipment at the Facility; (ii) any event or circumstance arising from the Facility's failure to meet the requirements of Sections 3.1 and 3.2 and Schedule 1; (iii) strikes, lockouts other labor disturbances; and (iv) any event of circumstance that the Facility is to be designed to withstand in accordance with Sections 3.1 and 3.2 and Schedule 1.

"U.S. Virgin Islands" has the meaning set forth in the Preamble.

"WAPA" has the meaning set forth in the Preamble.

"WAPA Fiscal Year" means the fiscal year of WAPA, which as of the Contract Date is the twelve-month period beginning each July 1 and concluding on June 30, as such fiscal year may be changed from time to time by WAPA upon reasonable notice to Seven Seas.

"WAPA's Water System" means the Storage and Distribution Facilities owned, operated and maintained from time to time by WAPA.

"Water" means First Pass Water or Ultrapure Water produced by the Facility and delivered to WAPA at the Delivery Point.

"Water Capacity Test" has the meaning set forth in Section 6.2, 6.3 and Schedule 1.

"Water Charge" means the amount in Dollars payable by WAPA per kgal of Water, as calculated pursuant to Schedule 2.

"Water Meter" means the integrated water meters installed by Seven Seas at the Delivery Point pursuant to Schedule 6.

"Water Pressure Test" has the meaning set forth in Section 6.2(c).

"Water Quality Test" means testing performed in accordance with EPA and DPNR Permits and Approvals and in compliance with the Safe Drinking Water Standards-for First Pass Water or with the water standards set forth in Schedule 7.1(a) and Schedule 7.1(b) for Ultrapure Water.

"Water System Emergency" means the existence of a physical or operational condition and/or the occurrence of an event on WAPA's Water System which is: (a) imminently likely to endanger life, health, property, or the environment; or (b) impairs and/or imminently will impair: (i) WAPA's ability to discharge its statutory obligation(s) to provide safe, adequate and proper service to its water customers, and/or (ii) the safety and/or reliability of the WAPA's Water System.

“Water Test” has the meaning set forth in Section 6.2.

“Water Transfer Pressure” shall be the transfer pressure as described in Schedule 1(g).

ARTICLE 2 TERM AND EARLY TERMINATION

Section 2.1 Contract Term. The term of this Agreement shall commence on the Contract Commencement Date and shall expire, unless extended by Section 2.2 herein, on the earlier occurrence of (a) the Fifteenth (15th) anniversary of the Commercial Operation Date (the “Initial Term”), unless sooner terminated in accordance with Article 12 or Article 13 or (b) the termination of the Lease Agreement, (the “Lease”) entered into by the parties herewith the (“Contract Term”).

Section 2.2 Extension of Contract Term. WAPA may extend the Initial Term for one additional five (5) year period by delivering a written notice of such extension to Seven Seas not less than one (1) year prior to the expiration of the Initial Term.

Section 2.3 Removal. Seven Seas shall comply promptly with all obligations, if any, that may be imposed by Applicable Law to remove the Facility upon the expiration of the Contract Term or the Lease Agreement or the earlier termination of either as provided therein. Notwithstanding anything contained in this Agreement, Seven Seas shall have a period of one hundred eighty (180) days following the date the Contract Term actually ends; to remove the Facility from the Site and Seven Seas shall have an easement to access the Site during such period as and whenever necessary to remove the Facility therefrom. Upon the removal of the Facility, Seven Seas shall return the Site to a condition no worse than the condition the Site is in when Seven Seas took possession. It is understood and agreed that if the preparation of the Site and the construction of the Facility require the demolition and/or modification of any structures on the Site, Seven Seas shall not be required to restore any such structures in connection with the removal of the Facility and return of the Site pursuant to this Section 2.3.

ARTICLE 3 CONSTRUCTION OF THE FACILITY

Section 3.1 Description and Location of the Facility. The Facility shall be a 3.3 MGD Seawater Reverse Osmosis first pass Water production facility with 0.55 MGD ultrapure with EDI water production facility located at the Site. Exhibit A hereto provides a more detailed description of the Facility and the Site, including identification of the equipment and components which will make up the Facility and a drawing and a map identifying the anticipated location of such equipment.

Section 3.2 Design of the Facility. Seven Seas shall proceed with due diligence to design, engineer, procure, and construct the Facility in accordance with this Agreement, the Codes and Standards, Good Engineering and Operating Practices and Applicable Laws. The Facility shall adhere to the specifications set forth in Schedule 1.

Section 3.3 Intake Structures. Seven Seas shall repair and construct to new Intake Structures No. 2 and No. 3 such that the Intake Structures are fully operational according to the

timeline as set forth in Schedule 4. Seven Seas and WAPA shall work together to coordinate Seven Seas's repairs to Intake Structures No. 2 and No. 3 such that there will be no interruption to WAPA's ongoing operations during the repair phases. Seven Seas and WAPA shall, at least thirty (30) Days prior to starting construction and repairs of the Intake Structures, prepare a schedule for same. Seven Seas shall be solely responsible for the maintenance of all pumps, pipes, valves and appurtenances installed by Seven Seas on the Intake Structure No.3 which are necessary for Seven Seas's operation of the Facility. WAPA shall be solely responsible for the maintenance and repairs of the physical structure of Intake Structure No.3 and any pumps, pipes, valves and appurtenances that WAPA installed for its own operation on Intake No. 3. In addition, WAPA shall be responsible for all maintenance and operation of Intake No. 2, which said Intake shall be available for Seven Seas's use as a redundancy to Intake No. 3.

Section 3.4 Commercial Operation Date. The Facility shall achieve the Commercial Operation Date when Seven Seas has demonstrated to WAPA, and WAPA has accepted by written notice to Seven Seas, which acceptance and notice may not be unreasonably withheld, conditioned or delayed, that each of the conditions set forth on Schedule 3 has been satisfied. Unless extended as provided herein, subject to WAPA having fully and timely performed all of its obligations in Sections 3.6 and elsewhere in this Agreement, Seven Seas shall fully and timely perform all of its obligations under Section 3.4 and elsewhere in this Agreement required in connection with the design, construction and testing of the Facility. Seven Seas shall use commercially reasonable efforts to cause the Facility to achieve the Commercial Operation Date and to be fully capable of reliably producing and delivering Water in accordance with this Agreement no later than the date set forth in Schedule 4 (the "Commercial Operation Date").

Section 3.5 Construction Milestones

(a) Seven Seas shall meet the Commercial Operation Date as set forth on Schedule 4. Seven Seas shall submit a construction schedule to WAPA at least fifteen (15) Days prior to starting construction of the Facility. If Seven Seas fails to achieve Commercial Operation by the Commercial Operation Date, as set forth on Schedule 4, then Seven Seas shall pay to WAPA the per day liquidated damages amount corresponding to said missed Commercial Operation Date. Upon WAPA's receipt of such liquidated damages, the Commercial Operation Date, shall be extended day-for-day for each Day for which such delay damages are paid, up to a maximum extension of ninety (90) Days ("Extended Commercial Operation Date").

(b) To the extent that Seven Seas's failure to meet the Commercial Operation Date-or the Extended Commercial Operation Date is attributable to a delay caused by an Uncontrollable Circumstance or WAPA's failure to fully and timely perform all of its obligations in Section 3.6 or elsewhere in this Agreement, WAPA shall not be paid delay damages provided in Section 3.5(a) and Seven Seas's obligation to achieve such Commercial Operation Date or the Extended Commercial Operation Date shall be extended day-for-day for each Day for which such delay is caused by an Uncontrollable Circumstance or any such failure by WAPA, up to a maximum extension of ninety (90) Days or as and to the extent otherwise set forth in Article 12, including the termination provisions set forth in Section 12.3.

Section 3.6 Responsibilities of WAPA

(a) WAPA accepts the responsibility, including all costs and expenses relating thereto, for the following duties necessary for construction and operation of the Facility:

(i) Provide Seven Seas's personnel with 24-hour access, including access via barge, to the leased property as necessary for the design, installation, operation, inspection, maintenance, repair and removal, if necessary, of the Facility.

(ii) Provide to Seven Seas a reasonable material lay down area for the construction of the Facility as outlined in Exhibit A, along with 24-hour accessibility for Seven Seas' personnel.

(iii) Provide 480 volts, 60 Hz, up to 3,730 KVA necessary for electrical service to the Facility and 480 volts, 60 Hz, up to 333 KVA necessary for electrical service to the Ultrapure Water facility including from the Contract Date through the termination of the Lease, including throughout the periods of the development, construction and testing phases of the Facility, its operation and its removal, an electric meter, and an electrical disconnect switch as specified in Schedule 15, unless Seven Seas requests in writing that WAPA not do so as contemplated by Schedule 15.

(iv) Provide, maintain and operate any desired chemical post-treatment of the Water including chemical injection stations and those related to chlorine;

(v) Provide and maintain space in appropriate Storage and Distribution Facilities to receive Water from the Facility;

(vi) File all reports required by Governmental Authorities to be filed by WAPA and pay for all water tests required of WAPA by Governmental Authorities. Maintain in full force and effect all Intake permits and TPDES permits related to all outfall effluents, after Seven Seas applies for and obtains same;

(vii) Provide authorization to Seven Seas to obtain a dedicated telephone line to the control center of the Facility and access to high-speed (726/384) Internet with the cost of such telephone line and Internet access to be paid by Seven Seas;

(viii) Provide access from the Facility to, and maintenance, operation and repair, if necessary, the existing WAPA outfall line to permit sufficient drainage of any effluent discharged from the Facility;

(ix) Provide access from the Facility to Intake Structure No. 3 such that Seven Seas may maintain, operate and repair, if necessary, all pumps, pipes, valves and appurtenances installed by Seven Seas at the Intake Structure No.3 which are necessary for Seven Seas's operation of the Facility;

(x) Provide Seven Seas's personnel with access to its sanitary facilities or provide Seven Seas access to sanitary mains for connection of Seven Seas's own sanitary facilities within the Facility;

(xi) Remove within 10 months of execution of this Agreement all materials, structures, buildings and items currently existing on the Site;

(xii) Provide written notice to Seven Seas that WAPA has completed all items required under this Section 3.6 to be done by WAPA;

(xiii) WAPA shall operate and maintain Intake Structure No. 2, following Seven Seas' repair of same, such that Seven Seas may use Intake Structure No. 2 as a redundancy to Intake Structure No. 3. WAPA shall maintain the physical structure of Intake Structure No.3 and any pumps, pipes, valves and appurtenances that WAPA installed for its own operation on Intake Structure No. 3; and,

(xiv) Abide by the terms and conditions of the Lease Agreement.

(b) Seven Seas shall establish a sampling location at the delivery point and prior to Seven Seas's outfall discharge commingling with WAPA's discharge. Seven Seas shall maintain procedures and test monthly its discharge outfall effluent as required under WAPA's TPDES Permit. Seven Seas shall be responsible for all costs associated with remedying any violation of WAPA's TPDES Permit directly associated with Seven Seas's outfall effluent to the extent that such problem is not otherwise attributable to an Uncontrollable Circumstance or the failure of WAPA to perform its obligations set forth in Section 3.6 and elsewhere in the Agreement. Seven Seas shall not be liable if any violation of WAPA's TPDES Permit is a result of a contamination or change in the quality of feed water as set forth in Exhibit C, in which case, then the Parties will use commercially reasonable efforts to seek a mutually beneficial solution in a timely manner to correct such violation.

Section 3.7 Permits and Approvals

(a) Seven Seas shall provide, to the best of its knowledge, a list of all Permits and Approvals necessary under Applicable Laws to enable it to construct, own and operate the Facility and said list shall be attached to this Contract as Exhibit B.

(b) Seven Seas shall, in good faith, prepare at Seven Seas' expense all Permits and Approvals which will be required from all Governmental Authorities with jurisdiction over Seven Seas, the Facility or the Site and which are necessary for the construction, completion, operation and maintenance of the Facility or the Site and for Seven Seas to perform its other obligations under this Agreement. Seven Seas shall comply with all Permits and Approvals throughout the term of this Contract once same are obtained.

(c) WAPA's representative shall sign all completed Permit and Approval applications and assist Seven Seas with its application and presentation of any completed permit applications, approvals or requests to all necessary Governmental Authorities. Regardless of said signature and presentation, WAPA shall not be responsible in any way whatsoever to Seven Seas

for any delays in the acquisition of the required Permits and Approvals or environmental studies or assessments that may be necessary for Seven Seas to perform its obligations under this Agreement.

(d) Seven Seas shall have eighteen (18) months from the Contract Date to acquire all Permits and Approvals necessary under Applicable Laws to construct, own and operate the Facility ("Permit Deadline"). In the event that Seven Seas is unable to acquire the necessary Permits and Approvals required to construct, own and operate the Facility within eighteen (18) months from the Contract Date then the Parties may mutually agree to extend the Permit Deadline by which Seven Seas must acquire said Permits and Approvals for an additional six (6) months (the "Permit Extension"). Should Seven Seas fail to acquire the necessary or desirable Permits and Approvals by the end of either the Permit Deadline or, if applicable, by the end of the agreed upon Permit Extension date, then either Party may cancel this Agreement with written ten (10) days notice of cancellation. Upon cancellation, this Agreement shall become null and void with each Party thereby released from all further obligations and liabilities to the other Party.

Section 3.8 Facility Contracts

(a) Seven Seas shall provide to WAPA, as the following becomes known to Seven Seas, the name(s), address(es), telephone number(s) and facsimile number(s) of all contractors who will perform construction work for Seven Seas regarding the Facility, including but not limited to, all engineers, general contractors, and sub-contractors.

(b) Seven Seas shall also provide WAPA with reasonable evidence that it has the capability to finance the Facility's construction and such evidence shall consist of the Seven Seas's Financial Balance Sheet as attached in Exhibit I.

Section 3.9 Progress Reports. Seven Seas shall submit construction progress reports on or before the first business Day of every month until the Commercial Operation Date and notify WAPA of any changes to the construction and completion schedules in a timely manner. WAPA shall have the right to monitor the construction, completion, start-up, testing and commissioning of the Facility.

Section 3.10 Inspection and Testing.

(a) Seven Seas shall submit its start-up and test schedule for the Facility (including the Initial Water Test) for WAPA's review as set forth in Schedule 4 prior to start-up and testing. Seven Seas shall follow the Initial Water Test as set forth in Section 6.3 to establish whether the Commercial Operation Date has occurred (the "Test Protocol"). WAPA shall have the right to have representatives present for such testing. Seven Seas shall cooperate in such physical inspections of the Facility as may be reasonably required by WAPA during the Contract Term. WAPA's technical review and inspection of the Facility shall neither be construed as endorsing the design thereof nor as any warranty of the safety, durability or reliability of the Facility.

(b) Seven Seas shall include in its startup and test schedule the hydrostatic testing, contaminant flushing, disinfection and de-chlorination schedules for the Interconnection Facilities. Seven Seas may hydrostatically test the Interconnection Facilities in advance of the Initial Water Test, but shall flush, disinfect and de-chlorinate the Interconnection Facilities no later than seven (7) days prior to the Initial Water Test. Seven Seas shall conform to all applicable AWWA standards and afford the WAPA representative reasonable access to witness such activities.

Section 3.11 Test Water. Seven Seas shall coordinate the production and delivery of Water during the construction, start-up, testing and commissioning of the Facility to WAPA's Water System prior to the Commercial Operation Date ("Test Water") with WAPA. WAPA shall cooperate with Seven Seas to facilitate Seven Seas's testing of the Facility and shall accept delivery of all Test Water at the Delivery Point and purchase such Test Water at the prices set forth in Schedule 2; provided, however, that before WAPA accepts any Test Water, such Test Water shall satisfy the Water Standards set forth in Schedule 7. WAPA shall not be required to accept or purchase Test Water in excess of the Water associated with Contract Capacity. The Parties shall use their respective good faith efforts to schedule the delivery of Test Water for the times when it would otherwise be economically dispatched by WAPA.

Section 3.12 Construction Security Within sixty (60) days of obtaining all necessary Permits and Approvals as defined in Section 3.4 and Schedule 4, Seven Seas shall deposit into an secured account at Bank of America, the amount of one million dollars (\$1,000,000.00), ("Construction Security Amount"), to secure Seven Seas' obligations to meet the Milestones and to pay liquidated damages as provided in Section 3.4 and Schedule 4. Seven Seas shall give WAPA written notice that Seven Seas has completed eighty percent (80%) of the Facility's construction. Upon receipt of said notice, WAPA shall, within ten (10) Days, provide Seven Seas with WAPA's written authorization to withdraw eighty percent (80%) of the Construction Security Amount (\$800,000.00) or WAPA's Dispute Notice. In the event that WAPA fails to provide its written authorization or Dispute Notice within the ten (10) Days, then WAPA shall be deemed to have consented to said withdrawal. The twenty percent (20%) balance of Construction Security Amount remaining in the Bank of America account, totaling (\$200,000.00), shall remain with Bank of America until the Commercial Operation Date has been achieved pursuant to Section 3.4 whereupon WAPA shall, within ten (10) Days, provide Seven Seas authorization to withdraw the remaining 20% of the Construction Security Amount or WAPA's Dispute Notice. Said Construction Security Amount shall be deposited with specific instructions that any amount payable to either Party shall only be paid after the resolution of any Article 16 Dispute, if applicable.

ARTICLE 4 WATER PURCHASE AND SALE

Section 4.1 Sale and Purchase of Water. Commencing on the Commercial Operation Date and continuing throughout the Contract Term and subject to the terms and conditions of this Agreement, Seven Seas shall sell and deliver to WAPA, and WAPA shall purchase and accept from Seven Seas, all of WAPA's Water as provided in Sections 4.5 and 4.6.

Section 4.2 Water Charge. Promptly following the end of each Billing Period, Seven Seas shall determine the amount of Water delivered to WAPA during such Billing Period as provided in Article 9. WAPA shall pay to Seven Seas, in respect of such Billing Period and in accordance with Article 5, the amounts determined in accordance with Schedule 2.

Section 4.3 Water Quality Standards.

(a) **Safe Drinking Water Quality Standards:** The First Pass Water to be delivered by Seven Seas to WAPA shall meet the quality standards set forth in the Safe Drinking Water Act (as amended), Pub. L. 93-523 codified at 42 U.S.C. § 300f et seq., and the associated rules, regulations and standards contained in 40 C.F.R. parts 141 through 149 as attached in Exhibit H, and the other standards set forth on Schedule 7, except for those quality standards that depend on chlorine sterilization and/or post treatment which shall be the responsibility of WAPA (collectively, the "Safe Drinking Water Standards").

(b) **Changes in Water Quality Standards:** If the Safe Drinking Water Standards were to change from those in effect on the Contract Date and the Facility's ability to satisfy those changes require the purchase of additional equipment or the making other capital investments by Seven Seas or increase the operating costs of the Facility, Seven Seas shall confer with WAPA. If the Parties agree, such agreement not to be unreasonably withheld, conditioned or delayed by any Party, that the cost to address the changes are commercially reasonable, Seven Seas will make such expenditures to purchase the additional equipment or make the other capital investments, and WAPA may elect to pay such capital expenditures either as: (1) a lump sum payment equal to the aggregate amount of such capital expenditures made by Seven Seas promptly upon the complete installation of such additional equipment or (2) the Water Charges to be paid by WAPA as specified in Schedule 2 will be increased to amortize such capital expenditures over the then remaining Contract Term. In addition to the reimbursement of the capital expenditures referred to in the preceding sentence, any increase in the Water Charges to be paid by WAPA, as specified in Schedule 2, will be negotiated by the Parties to reflect any increased operating costs incurred by Seven Seas that are associated with such changes in the Safe Drinking Water Standards over the then remaining Contract Term, if applicable.

(c) **Ultrapure Water:** Seven Seas warrants that the Ultrapure Water delivered to WAPA shall meet a guaranteed resistivity of 10M Ω -cm or more for direct use in WAPA's power generating equipment.

(d) Notwithstanding anything to the contrary in this Agreement, Seven Seas shall not be responsible for (i) a complete outage at the Facility or, (ii) a decrease in the amount or quality of Water produced by the Facility, including any failure to satisfy the Safe Drinking Water Standards or the other standards set forth on Schedules 5 and 7, caused by any reason that includes (a) an Uncontrollable Circumstance, or (b) the failure of WAPA to perform its obligations set forth in Section 3.6(a) and elsewhere in this Agreement, or (c) the unavailability of power, fuel or other utilities or supplies necessary for Seven Seas to operate the Facility. If a complete outage occurs at the Facility or there is a decrease in the amount or quality of Water produced by the Facility for which Seven Seas is not responsible as contemplated by the preceding sentence, the Contract Term shall automatically be extended by periods equal to the number of Days such interruptions occurred. If any of the events described in this Section 4.3(d)

should occur and result in a complete outage at the Facility or a decrease in the amount or quality of Water produced by the Facility, WAPA and Seven Seas shall use their respective commercially reasonable efforts to find a solution to such interruption.

Section 4.4 Scheduling and Dispatch

(a) Seven Seas shall schedule the availability of the Facility to produce and deliver Water to the applicable Delivery Points in accordance with the procedures set forth on Schedule 11.

(b) WAPA's assigned representative(s) shall coordinate with Seven Seas's representative to determine the dispatch through the control valves at the applicable Delivery Points in accordance with the procedures set forth on Schedule 11.

Section 4.5 Scheduling and Dispatch Obligations

(a) Commencing on the Commercial Operation Date and continuing throughout the Contract Term and subject to the terms and conditions of this Agreement, for each Billing Period.

(i) Seven Seas shall schedule, deliver and sell to WAPA water amounts determined in accordance with Schedule 5.

(ii) WAPA shall schedule, accept and purchase from Seven Seas water amounts determined in accordance with Schedule 5.

(b) Seven Seas shall ensure that the actual quantity of Water delivered from the Facility to the Delivery Point shall be as determined in accordance with Schedule 11.

Section 4.6 Exceptions to Obligation to Dispatch Water

(a) Without limiting the provisions of Section 4.6(b), WAPA shall not be obligated to accept Test Water, or to dispatch the Facility and accept or purchase Water in accordance with this Article 4, to the extent any of the following circumstances apply:

(i) WAPA's Storage and Distribution Facilities are loaded to their maximum capacity;

(ii) During any Water System Emergency if WAPA has reduced interconnection service or disconnected the Facility, or if such purchases would contribute to such Water System Emergency or if the Facility must be disconnected;

(iii) With respect to First Pass Water only, during any period of time when the Facility does not comply with the requirements for First Pass Water set forth in Section 4.3(a), or (b) with respect to Ultrapure Water only, during any period of time when the Facility does not comply with the requirements for Ultrapure Water set forth in Section 4.3(c);

(iv) WAPA intentionally interrupts acceptance of the Facility's Water (A) to conduct planned maintenance of WAPA's Storage and Distribution Facilities; or (B) to conduct maintenance or testing; or (C) to install or replace equipment of the Interconnection Facilities; or

(v) Without limiting the provisions in Article 12, during any period in which performance by either Party is prevented by Uncontrollable Circumstances-

(b) WAPA shall not be obligated to purchase Water, nor be liable for damages of any kind to Seven Seas due to WAPA's failure to dispatch or accept the Facility's Water, due to the circumstances described in Section 4.6.

(c) Where practicable, each Party shall give the other Party reasonable advance notice of any event that would require interruption, curtailment or reduction effected pursuant to this Section 4.6, the circumstances requiring or necessitating the interruption, curtailment or reduction of Seven Seas's scheduling, delivery or sale, or WAPA's dispatch, acceptance or purchase of the Facility's Water and, if able, the reasons therefore, and the extent and duration thereof. In the event that a Party is unable, for any reason, to give the other Party such advance notice, such Party shall, as soon thereafter as practicable, contact the other Party explaining the circumstances requiring or necessitating the interruption, curtailment or reductions, and, if able, furnish the reasons therefore and the extent and duration thereof. WAPA shall resume the acceptance of the Facility's Water when the cause for the interruption, curtailment, or reduction no longer exists.

(d) WAPA shall not be liable for damages of any kind to Seven Seas or any third party due to WAPA's failure to dispatch or accept the Facility's Water pursuant to Section 4.6.

(e) Seven Seas shall not be responsible or liable for damages of any kind to WAPA or any third party for a failure to deliver Water pursuant to Schedule 5 and Schedule 7 due to WAPA's failure to meet any of its requirements in Section 3.6 and elsewhere in this Agreement.

Section 4.7 Risk of Loss. As between the Parties, Seven Seas shall be deemed to be in control of the Water output from the Facility up to and until delivery and receipt at the Delivery Point, and WAPA shall be deemed to be in control of Water from and after delivery and receipt at the Delivery Point. Risk of loss related to the Water shall transfer from Seven Seas to WAPA at the Delivery Point.

Section 4.8 Exclusivity

(a) Neither Seven Seas nor any Affiliate shall sell any water capacity, water, or other products or services generated or produced at the Facility to any Person, or sell to or permit the use of the Facilities by or for the benefit of any Person, other than WAPA, except:

- i. As agreed to in writing by the Parties;

- ii. As provided in Section 4.8(d); or,
- iii. If WAPA has breached this Agreement or the Lease.

(b) Seven Seas' and any Affiliate's existing water supply contracts and agreements in the U.S. Virgin Islands shall remain in full force and effect until such time as said contract expires.

(c) After the execution of this Agreement, Seven Seas and any Affiliate shall provide to WAPA the name(s), address(es) and telephone number(s) of Seven Seas' and any Affiliate's existing customers and any new Persons located in the U.S. Virgin Islands of St. Thomas or St. John who seek to purchase water supply services, water capacity, water, or other products from Seven Seas or any Affiliate.

(d) New and Existing Customer's.

i. Neither Seven Seas nor any Affiliate may enter into any new water supply services agreement or water purchase agreement or extend the term of any existing water supply services agreement or water purchase agreement in St. Thomas, Virgin Islands and St. John, Virgin Islands without first notifying WAPA of the potential new or extended agreement and affording WAPA the right of first refusal to provide said services. WAPA shall provide, within (30) days from receipt of the first refusal notification, a written response regarding WAPA's intent concerning the potential new or extended agreement. In the event that WAPA states its intent to service said customer, but WAPA is unable economically or technically to provide water to any such potential new customer or existing customer then commercially reasonable efforts will be utilized to seek a mutually beneficial solution whereby Seven Seas or an Affiliate may initially supply the aforementioned water supply services until such time as WAPA is in a position to do so; or an alternative mutually beneficial solution may be implemented. The mutually beneficial solution shall be documented by executing a Memorandum of Agreement with regard to each new customer or existing customer.

ii. Seven Seas or an Affiliate shall have no obligation under this section if WAPA fails to respond within (30) days from receipt of the above-referenced notification. In the event that there is a failure to reach a mutually agreeable Memorandum of Agreement within thirty (30) days from receipt of the above referenced notification, Seven Seas or an Affiliate shall have the right to enter into an agreement with the potential or existing customer and shall then use commercially reasonable efforts to seek a mutually beneficial solution for WAPA to service said customer once WAPA is economically or technically capable to do so.

(e) Pursuant to this Agreement, WAPA shall purchase solely from Seven Seas all of WAPA's water supply requirements needed by WAPA for the island of St. Thomas, Virgin Islands, (including for First Pass Water and Ultrapure Water), and St. John, Virgin Islands, with the exception of Coral Bay, with no minimum take-or-pay guarantee, up to 125% of the initial Contract Capacity of both First Pass Water and Ultrapure Water ("Expanded Capacity"). If WAPA purchases any water from sources other than Seven Seas or produces any of its own water ("Purchased Water") within the Expanded Capacity on the island of St. Thomas or St.

John, with the exception of Coral Bay, Virgin Islands, WAPA shall pay to Seven Seas, in addition to any cost it might have incurred for the Purchased Water, an amount equal to the Water Charges determined in accordance with Schedule 2 for each gallon of the Purchased Water, which payments shall be made as if the Purchased Water had been produced by the Facility and dispatched to WAPA, and Seven Seas had provided Invoices for such Water, in each case as contemplated by this Agreement.

(f) Without limiting the provisions as set forth in Section 4.8(e), throughout the term of this Agreement and any extension thereof, WAPA may keep and maintain operationally available its Thermal Distillation Plants located at the Randolph Harley Plant. Said Thermal Distillation Plant may only be used and operated by WAPA in the event and so long as Seven Seas fails to meet WAPA's demand requirements for First Pass Water. WAPA shall cease to operate its Thermal Distillation Plants upon the date on which Seven Seas demonstrates that it can meet WAPA's demand requirements for First Pass Water. Notwithstanding anything herein to the contrary, WAPA's right to use and operate the Thermal Distillation Plants under this Section 4.8(f) is subject to: (i) WAPA providing prior written notice to Seven Seas of any such use and operation and (ii) the limitation that WAPA may only produce a quantity of First Pass Water which, when combined with the First Pass Water produced by Seven Seas, is in accordance with its forecast obligations under Schedule 11.1(b) hereto. In addition, Seven Seas shall have the right to replenish the depleted storage tanks prior to WAPA operating its Thermal Distillation Plants if WAPA failed to perform its obligations under this Agreement or an Uncontrollable Circumstance affected either Party's ability to perform under this Agreement.

Section 4.9 Government Grants, Credits, Incentives, or Abatements

(a) Events. In the event that the United States federal government or the government of the U.S. Virgin Islands or any department or agency thereof provides or makes available to Seven Seas any grant, credit, rebate, incentive, or abatement, excluding any tax credits or tax exemptions, then WAPA and Seven Seas shall consider the impacts of such on the Water Charges and shall make acceptable changes to the Water Charges based on an equal sharing of the net value of such grant, credit, rebate, incentive, or abatement actually realized by either Party.

(b) Procedures. Seven Seas or WAPA shall promptly give notice to the other Party of the availability or receipt of any such grant, credit, rebate, incentive, or abatement and shall provide the other Party with any information necessary for the other Party to calculate the amount of such grant, credit, incentive, rebate, or abatement and the amount of the rate reduction or other benefit provided in this Section 4.9. Both Parties shall use commercially reasonable efforts to obtain and utilize any such grant, credit, incentive, rebate, or abatement that may be available.

(c) Monetization. The Parties agree that the monetization any such grant, credit, rebate, incentive, or abatement may be accomplished in the following manner:

(i) a reduction in the Water Charges in an amount equal to the WAPA portion of such grant, credit, rebate, incentive, or abatement; or,

(ii) a direct payment by Seven Seas to WAPA in an amount equal to the WAPA portion thereof, upon receipt or monetization of such grant, credit, rebate, incentive, or abatement by Seven Seas. In the event that any monetization or other transaction is necessary or advantageous for Seven Seas and WAPA to be able to utilize fully any such grant, credit, rebate, incentive, or abatement, WAPA and Seven Seas shall cooperate to cause such monetization or other transaction to occur in a timely manner.

Section 4.10 Audit. During the Contract Term, WAPA shall have the right, upon reasonable notice and during normal business hours, to cause a reputable third-party accounting firm or WAPA personnel to audit supporting evidence necessary to substantiate charges related to this Agreement including water meter readings, invoice dates, payment dates, and late payment interest calculations. For the purpose of this provision, only Seven Seas's records that fall within 36 months prior to the date of the audit shall be subject to review. WAPA shall bear the expense of such audit. In the event that WAPA exercises its Step-in-rights, as defined herein, Seven Seas shall have the right, upon reasonable notice and during normal business hours, to cause a reputable third-party accounting firm or Seven Seas's personnel to audit supporting evidence necessary to substantiate charges related to this Agreement including water meter readings, invoice dates, payment dates, and late payment interest calculations. For the purpose of this provision, only WAPA's records with regard to its Step-in-Rights operation of Facility that fall within 36 months prior to the date of the audit shall be subject to review. Seven Seas shall bear the expense of such audit.

ARTICLE 5 BILLING AND PAYMENT

Section 5.1 Meter Reading; Invoicing. Not more than ten (10) Days prior to the end of each Billing Period, the Water Meter Devices shall be read and the quantity of Water delivered by Seven Seas to WAPA at the Delivery Point shall be recorded for billing purposes by representatives of Seven Seas and WAPA, simultaneously, as set forth in Schedule 6.3, unless such quantity is determined by electronic means as contemplated by Schedule 6.

Section 5.2 Invoicing Promptly following the end of each Billing Period, Seven Seas shall provide to WAPA such information available to Seven Seas as reasonably may be required to enable Seven Seas to prepare an invoice respecting the Water dispatched by WAPA and delivered by Seven Seas hereunder. Such information may be provided by electronic means, through telemetering of data available from the Water Meter Devices or remote terminal units, or as may be provided by such other methods as agreed by the Parties in the Project Management Procedures.

(a) **Invoices.** Promptly following the end of each Billing Period, Seven Seas shall prepare and deliver to WAPA, an invoice (hereinafter "**Invoice**") for the total Water Charges for such Billing Period as determined in accordance with this Agreement. All Invoices shall be accompanied by such supporting documentation as WAPA reasonably may request.

(b) **Itemization.** Each Invoice shall be itemized substantially in the manner set forth in Schedule 14, or in such other form and format as WAPA reasonably may request, and shall state:

(i) the amount and type of Water dispatched by WAPA and delivered to the Delivery Points during the Billing Period;

(ii) the Water Charges with respect to such amount and type of Water;

(iii) any adjustment for governmental grants, credits, incentives, or abatements, as provided in Section 4.9, if applicable;

(iv) an adjustment for costs and expenses for meter calibration, as provided in Schedule 6;

(v) an adjustment for excess energy consumption above the performance guarantees as set forth in Schedule 15;

(vi) an adjustment for Purchased Water as provided in Section 4.8(e);

(vii) an adjustment for an environmental credits as provided for in Section 8.6; and,

(viii) an adjustment for any additional equipment and increased operating costs required to meet changes in Safe Drinking Water Standards as determined in accordance with Section 4.3(b).

(c) **Test Water**. Test Water delivered by Seven Seas to the Delivery Point in accordance with the terms of this Agreement, in each calendar month or portion thereof prior to and including the Commercial Operation Date, shall be invoiced by Seven Seas and paid by WAPA in accordance with the procedures set forth in Section 3.11, Schedule 2, and Schedule 7 with the necessary changes having been made.

Section 5.3 Payment of Invoices. Unless otherwise specified herein, payments due under this Agreement shall be due and payable in Dollars on or before the thirtieth (30th) Day following receipt of the Invoice. Remittances received by mail will be considered to have been paid when due if the postmark indicates that the payment was mailed on or before the thirtieth (30th) Day following receipt of the Invoice. If any payment remains outstanding for more than thirty (30) days, then Seven Seas will provide written Notice to WAPA of the amounts due. If WAPA does not pay Seven Seas within sixty (60) days of receipt of such Notice of Amounts Due then Seven Seas may declare an immediate default under this Agreement, cease to provide water to WAPA and/or dismantle and remove the Facility from the premises. In such event, Seven Seas is entitled to any monies owed for service previously rendered under this Agreement. Such termination shall not be construed to waive or release any rights of Seven Seas to seek any remedies to which it may be entitled, including breach of contract. Overdue amounts will bear interest at the Applicable Interest Rate. Any interest charge will be calculated on the outstanding amount from the due date until the date paid. WAPA agrees that Seven Seas may discontinue providing water to WAPA in the event WAPA does not pay Seven Seas within ninety (90) days of receipt of any Invoice.

Section 5.4 Invoice Disputes. In the event of a bona fide dispute about the correctness of an Invoice, WAPA shall pay the undisputed amount in accordance with Section 5.3 pending

the resolution of the dispute. Additional amounts owed by WAPA or refunds due to WAPA upon resolution of the billing dispute shall accrue interest at the Applicable Interest Rate.

ARTICLE 6 FACILITY SPECIFICATIONS RATING

Section 6.1 Water Measurement. First Pass Water and Ultrapure Water shall be measured and invoiced in kgal increments and as set forth in Schedules 2, 6 and 14.

Section 6.2 Facility Specifications Rating Criteria. Water capacity shall be determined by the Water Capacity Test, water quality shall be determined by the Water Quality Test, and water pressure shall be determined by the Water Pressure Test (collectively, the “Water Test”).

Section 6.3 Initial Facility Specifications Rating. Seven Seas shall give WAPA fourteen (14) Days prior written notice when it is ready to perform its first Water Test consistent with the milestones as set forth in Schedule 4. Seven Seas shall grant the WAPA representative reasonable access to observe the performance of Seven Seas’s Facility during the Water Test. To be deemed successful during the (contiguous) 48-hour initial Water Test, Seven Seas shall demonstrate the following:

(a) Water Capacity Test. The Facility meets or exceeds the the Contract Capacity as guaranteed by Seven Seas for First Pass Water and Ultrapure Water.

(b) Water Quality Test. The Facility has met or exceeded the Water Quality Specifications as set forth in Schedule 7. The procedures for the Water Quality Test are as follows:

i. Seven Seas shall install a permanent tap for sampling First Pass Water and Ultrapure Water in a mutually agreeable location in proximity of the Delivery Point.

ii. Only certified sampling personnel of Seven Seas, WAPA, or the Parties’ representative will be allowed to grab samples and analyze for the record.

iii. Seven Seas and WAPA shall utilize their respectively owned and calibrated instruments to independently grab samples, analyze, compare and record the following values onsite: temperature, pH, conductivity, turbidity, and – in the case of Ultrapure Water – resistivity.

iv. Seven Seas or the Party’s certified sampling personnel shall grab samples and package said samples for analysis by a mutually agreed upon independent certified lab. The independent lab shall analyze First Pass Water and the Water Quality Test shall be deemed successful unless, within five (5) business days from the sampling, the independent lab provides a written report to the Parties indicating the sample does not meet the Water Quality Specifications set forth in Schedule 7 – specifications in effect at the Commercial Operation Date. Microbial and copper and lead values – despite the treatments thereof being the responsibility of WAPA – shall be separately analyzed by the independent lab, which record will

be used for post treatment analysis by WAPA. For avoidance of doubts the costs of these First Pass Water Quality tests performed by the independent lab shall be the responsibility of WAPA.

(c) Water Pressure Test. Conclude the initial Water Test by performing a Water Pressure Test to ensure that each of the installed protective devices, as graphically depicted in Exhibit G, can protect against an increase in water pressure of no greater than 10 PSI above the static Water Pressure as set forth in Schedule 1(g). The Parties' representatives shall reasonably agree on what methods will be used to force the increase of pressure.

(d) Written Report. At the conclusion of the Initial Facility Specifications Rating as specified in Section 6.3(a-c), Seven Seas shall provide WAPA with a written report of the initial Water Test results and related test data. Seven Seas may request as many contiguous 48-hour Water Tests it deems necessary to bring the Facility up to the specifications as set forth in Section 6.3(a-c), but must be consistent with the milestones as set forth in Schedule 4. The Commercial Operation Date shall not occur until Seven Seas has corrected or repaired any discrepancies and demonstrated that the Facility has met all the criteria as set forth in Section 6.3(a-c).

Section 6.4 Facility Specifications Rerating. The Facility shall be subject to Rerating annually on the anniversary of the Commercial Operation Date, at such time, the Parties' authorized representatives, in good faith, shall review the Facility's historical performance records for the past twelve (12) months leading up to the anniversary date. Facility Specifications Rerating shall be limited to Water Capacity and Water Pressure Tests.

(a) Facility Specifications Met. Each Party shall notify the other in writing stating their satisfaction with the findings and that no Rerating of the Facility will be required, when:

i. There is sufficient evidence demonstrating that the Facility has met or exceeded the Contract Capacity during any contiguous 48-hour period. Where there was no opportunity for Seven Seas to demonstrate the Contract Capacity, WAPA shall grant Seven Seas every opportunity to do so prior to the anniversary date.

ii. WAPA grants Seven Seas every opportunity to demonstrate that the Facility is capable of meeting the requirements of Section 6.3(c) within the twelve (12) month period leading up to the anniversary date.

iii. When applicable, Seven Seas will grant WAPA's representative reasonable access to observe the performance of Seven Seas's Facility during the Water Capacity and/or Water Pressure Tests.

(b) Facility Specifications Not Met. In the event that Rerating of the Facility is required under Section 6.4(a) above, Seven Seas may request as many Water Capacity Tests and Water Pressure Tests as it deems necessary to Re-rate its Facility – which shall not exceed ninety (90) days after the anniversary date. If Seven Seas fails to achieve the Re-rating of its Facility within the time afforded, Seven Seas shall be in default – as set forth in Article 13 of this Agreement.

Section 6.5 Water Quality Rerating. No annual Water Quality Rerating shall occur because the Facility will be subject to daily scrutiny as samples will be taken to satisfy regulatory and WAPA boiler feed requirements. Remedies to address Water Quality issues are addressed elsewhere in this Agreement.

Section 6.6 Water Test Interruptions. If any Water Test is interrupted during its 48-hour testing period due to Uncontrollable Circumstances or WAPA's failure to perform its obligations as set forth in Article 3.6 and elsewhere in this Agreement, Seven Seas shall be credited for the contiguous hours performed prior to such interruption. For example, if a Water Test is interrupted after thirty-six (36) contiguous hours, Seven Seas shall only be required to continue the Water Test an additional twelve (12) contiguous hours after the interruption in which to complete the Water Test.

ARTICLE 7 FACILITY LOCATION AND WATER SYSTEM INTERCONNECTION

Section 7.1 Facility Location. The Facility shall be located on the portion of the Randolph Harley Site on the island of St. Thomas, U.S. Virgin Islands, set forth on Exhibit A, which portion shall be leased by Seven Seas from WAPA pursuant to the Lease Agreement.

Section 7.2 Facility Design Plans to be Provided by Seven Seas. On or before sixty (60) Days after the Contract Date, Seven Seas shall submit to WAPA design plans for the Facility. WAPA shall specify areas of concern within 30 days of Seven Seas's submittal in writing; and Seven Seas shall address any concerns by correcting or explaining their reasoning thereof in writing within 30 days of WAPA's response.

Section 7.3 Interconnection Facilities.

(a) Seven Seas shall, at its sole cost and expense, complete the design, construction and installation of the Interconnection Facilities within the time frames set forth in Schedule 4, in accordance with WAPA's specifications, as specified in Exhibit F, and Good Engineering and Operating Practices. Upon Commercial Operation, Seven Seas shall transfer to WAPA full ownership and control, including any applicable Permits and Approvals, of the Interconnection Facilities beyond the Delivery Point(s).

(b) On or before sixty (60) Days after the Contract Date, Seven Seas shall submit to WAPA design plans for the Interconnection Facilities. WAPA shall specify areas of concern within 30 days of Seven Seas's submittal in writing; and Seven Seas shall address any concerns by correcting or explaining their reasoning thereof in writing within 30 days of WAPA's response.

Section 7.4 Seven Seas's Obligations. Seven Seas shall be responsible for the design, construction, installation, maintenance and ownership of the Facility, which includes the design, construction, installation, operation and maintenance of the Interconnection Facilities, from Seven Seas's Facility up to and including the Delivery Point(s).

Section 7.5 Soil Conditions of the Site.

(a) The Parties acknowledge that no tests have been conducted to determine the Site's soil compaction condition. As such neither Party has any information regarding the soil compaction condition at the Site or the Site's suitability to withstand the Facility's construction or the permanent location of same. WAPA has made no statements, representations or warranties to Seven Seas regarding the Site's soil compaction condition or the suitability of the Site for the construction and permanent location of the Facility.

(b) It is understood by the Parties that Good Engineering Practices and Standards require that the Site's soil meet a compaction level of at least 1000 pounds per square foot (psf) for the construction and permanent location of the Facility.

(c) Seven Seas may, at its own expense, conduct soil compaction tests to determine the Site's suitability for the construction and permanent location of the Facility.

(d) If Seven Seas conducts soil compaction tests pursuant to Section 7.5(c) above and said tests reveal a compaction level of less than 1000 psf such that the Facility cannot be constructed and permanently located at the Site, then the Parties will attempt to seek a mutual amicable, reasonable, economically prudent and technologically feasible solution to correct any deficient soil compaction condition located at the Site.

(c) If an amicable, reasonable, economically prudent and technologically feasible solution cannot be reached by the Parties within 180 days of Seven Seas giving written Notice to WAPA regarding the deficient soil compaction condition, then either Party may cancel this Agreement with written ten (10) Days notice of cancellation. Upon cancellation, this Agreement shall become null and void with each Party thereby released from all further obligations and liabilities to the other Party.

(d) Both Parties hereby forever waive, to the fullest extent possible, any and all claims against the other, whether at law or in equity including, but not limited to, any and all claims for breach of good faith, in failing to reach an amicable, reasonable, economically prudent and technologically feasible solution to correct any soil compaction condition deficiencies at the Site pursuant to this Section 7.5.

Section 7.6 WAPA's Obligations. Upon the completion of the transfer contemplated by Section 7.3, WAPA shall be responsible for the operation, maintenance and ownership of Interconnection Facilities beyond the Delivery Point(s) in accordance with Good Engineering and Operating Practices.

Section 7.7 Technical Requirements and Operations

(a) The Parties agree that the interconnection with, and delivery of Water into, WAPA's Water System shall be accomplished in accordance with the standards set forth in Exhibit F.

(b) WAPA shall notify Seven Seas, or Seven Seas shall notify WAPA, promptly by telephone, or as may be agreed in the Project Management Procedures, when either Party becomes aware of a Water System Emergency that may reasonably be expected to affect Seven Seas's operation of the Facility, the Interconnection Facilities, or WAPA's Water System. To the extent such information is known, the notification shall describe the Water System Emergency, the extent of the damage or deficiency, the expected effect on the operation of Seven Seas's or WAPA's facilities and operations, its anticipated duration and the corrective action taken or to be taken. The initial notice shall be followed as soon as practicable with written notice. Each Party agrees to take promptly whatever appropriate corrective action is necessary to correct any hazardous or unsafe conditions associated with such Water System Emergency.

Section 7.8 Site Access. In order to help ensure the continuous, safe, reliable and compatible operation of the Facility, WAPA hereby grants Seven Seas, for the period of this Agreement and 180 days after the termination of this Agreement, the reasonable right of ingress and egress to Seven Seas's Facility, including the Interconnection Facilities from Seven Seas's Facility up to and including the Delivery Point(s). Ingress and egress to Seven Seas's Facility shall be as depicted in Exhibit A and as may be agreed in the Project Management Procedures.

ARTICLE 8 OPERATION AND MAINTENANCE

Section 8.1 Operations Schedule. At least ninety (90) Days prior to the Commercial Operation Date and prior to all Commercial Operation Date anniversaries thereafter, WAPA shall provide Seven Seas, in writing, its planned Water outage schedule and a non-binding forecasted dispatch schedule for the following year; and Seven Seas shall provide to WAPA, in writing, its planned Scheduled Maintenance Outages for the same period, to include the annual Water Test, and a good faith estimate of the amount of Water to be produced by the Facility and delivered to WAPA for each Billing Period. The Parties shall endeavor in good faith to negotiate a mutually acceptable schedule of the Facility's Scheduled Maintenance Outages and annual Water Test by the date thirty (30) Days prior to the beginning of such succeeding Commercial Operation Date anniversary. Upon the conclusion of such negotiations, WAPA shall provide Seven Seas with a revised schedule of the Facility's Scheduled Maintenance Outages, annual Water Test, and expected dispatch. WAPA may revise such schedule upon reasonable notice to Seven Seas; provided, that any such revisions to the schedule of the Facility's Scheduled Maintenance Outages and annual Water Test shall not have a material adverse effect on Seven Seas or the Facility. Seven Seas may reschedule a Scheduled Maintenance Outage or annual Water Test upon WAPA's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 8.2 Scheduled Maintenance Outages. Seven Seas shall exercise all reasonable efforts to coordinate Scheduled Maintenance Outages with WAPA to avoid, where reasonably possible, overlap with WAPA's planned outages of its water production equipment and Storage and Distribution Facilities. Seven Seas shall not schedule any maintenance outages for the Facility, except for outages associated with Water System Emergencies, without the prior written approval of WAPA, such approval not to be unreasonably withheld.

Section 8.3 Operation and Maintenance. Seven Seas shall operate and maintain the

Facility in all respects, including the handling and disposal of any discharge effluent, waste, byproduct(s), or hazardous materials, if any, in accordance with Good Engineering and Operating Practices, the Codes and Standards, and Applicable Law.

Section 8.4 Operating Representatives. At least sixty (60) Days prior to the scheduled Commercial Operation Date, each Party shall appoint a member and two (2) alternate members as operating representatives and provide written notice of such appointments to the other Party (the “**Operating Representatives**”). Such appointments may be changed at any time by similar written notice. The respective Operating Representatives shall meet as necessary at a mutually agreeable time and place upon prior written notice. Each Operating Representative and alternate shall be a responsible person working with the day-to-day operations - in the case of WAPA – of WAPA’s Water System and - in the case of Seven Seas - of the Facility.

(a) The duties of the Operating Representatives shall include those specifically identified elsewhere in this Agreement, and the following:

- (i) Coordinate operation and outage schedules;
- (ii) Establish control and operating procedures consistent with the provisions of this Agreement;
- (iii) Provide a list of Operating Representatives of each Party; and
- (iv) Such other duties as may be delegated to them by mutual agreement of the Parties; provided, that such Operating Representatives shall not have the authority to amend this Agreement.

(b) Each Party shall cooperate in providing to the Operating Representatives all information required in the performance of their duties. If the Operating Representatives are unable to agree on any matter that is delegated to them in accordance with this Agreement, such matter shall be referred by the Operating Representatives to their principals for decision. All decisions and agreements made by the Operating Representatives or principals shall be evidenced in writing.

Section 8.5 Project Management Procedures. The Parties’ Representatives shall negotiate an agreement in good faith on standing procedures, (the “Project Management Procedures”), consistent with this Agreement, respecting such matters as coordination, scheduling, or rescheduling of planned outages of their respective facilities; coordination of production and deliveries of water; metering; reporting; response to Water System Emergencies; and such other matters as may be contemplated by this Agreement or the Parties otherwise may agree therein. Said Project Management Procedures shall be agreed upon no later than Thirty days (30) prior to the scheduled Commercial Operation Date. In the event of any conflict between the provisions of this Agreement and the Project Management Procedures, this Agreement shall control. The Parties may, from time to time, agree on the standing procedures consistent with this Agreement.

Section 8.6 Environmental Credits. The Parties acknowledge that current or future legislation or regulation may create value in the ownership, use or allocation of environmental credits. To the extent applicable, both Parties shall equally share the net value of all environmental credits resulting from Seven Seas's production at or delivery of Water or Water Capacity from the Facility during the Contract Term to the extent such credits may actually arise or exist during the Contract Term. In all cases "environmental credits" as used in this Section 8.6 shall exclude any grant, credit, incentive, or abatement governed by the provisions of Section 4.9 resulting from ownership, use, operation or maintenance of the Facility. For purposes of this section, "environmental credits" means any environmental, energy, or water quality credits, offsets or other benefits related to the ownership or operation of the Facility or the production of water at the Facility, the sale of Water to WAPA hereunder or the other transactions contemplated by this Agreement, or the reduction, displacement or off-set of any emissions resulting from the combustion of fuel at any location, pursuant to any foreign, federal, state, territorial or local legislation or regulation, or voluntary market, and the aggregate amount of credits, offsets or other benefits related to any WAPA marketing program, any green pricing program or other environmental credit trading program, or any similar program pursuant to any foreign, federal, state, territorial or local legislation or regulation, or voluntary market.

Section 8.7 Equal Opportunity Employment Certification. Seven Seas acknowledges that as a government contractor WAPA is subject to various federal and/or U.S. Virgin Islands laws, executive orders and regulations regarding equal employment opportunity and affirmative action. These laws may also be applicable to Seven Seas as a subcontractor to WAPA. All applicable equal opportunity and affirmative action clauses shall be deemed to be incorporated herein as required by federal and U.S. Virgin Islands laws, executive orders, and regulations, including 41 C.F.R. §60-1.4(a)(1-7).

ARTICLE 9 METERING

Section 9.1 Installation of Meter. Seven Seas shall obtain, install, calibrate and test the meters as provided for in Schedule 6.

Section 9.2 Measurement and Invoicing of Water Delivered; Testing of Water Meter. The quantity, quality, and pressure of the Water delivered to WAPA shall be measured, monitored, tested and recorded by the Parties in accordance with the methods specified in Schedule 6.

Section 9.3 Facility's Electrical Consumption. Electrical consumption of the Facility shall be metered as set forth in Schedule 15.

ARTICLE 10 AUDITS

Section 10.1 Audit Rights. During the Contract Term, WAPA shall have the right, upon reasonable notice and during normal business hours, to cause a reputable third-party accounting firm or WAPA personnel to audit supporting evidence necessary to substantiate charges related to this Agreement including water meter readings, invoice dates, payment dates,

and late payment interest calculations. For the purpose of this provision, only Seven Seas's records that fall within thirty-six (36) months prior to the date of the audit shall be subject to review. WAPA shall bear the expense of such audit.

Section 10.2 Operating Records. Seven Seas and WAPA shall each keep complete and accurate records and all other data required by each of them for the purposes of proper administration of this Agreement, including such records as may be required by Applicable Law or by Governmental Authorities.

Section 10.3 Operating Log. Seven Seas shall maintain an accurate and up-to-date operating log, in electronic format, at the Facility with records of Water production for each day; changes in operating status; and results of scheduled maintenance. Seven Seas shall maintain accurate and up-to-date logs of dispatched and scheduled Water, including Test Water, and other records needed in order to comply with this Agreement.

Section 10.4 Billing and Payment Records. To facilitate payment and audit, Seven Seas and WAPA shall keep all books and records necessary for billing and payments in accordance with this Agreement. All records of Seven Seas pertaining to the operation of a Facility shall be maintained on the premises of the Facility.

ARTICLE 11 INSURANCE

Section 11.1 Seven Seas's Insurance Requirements

- (a) Seven Seas shall carry and maintain the insurance as set out in Schedule 10 A.
- (b) Seven Seas's liability is not limited to the amount of insurance coverage required herein.
- (c) Neither Seven Seas nor WAPA shall be responsible for any consequential damages arising out of or related to Seven Seas or WAPA's performance under this Agreement.

Section 11.2 WAPA's Insurance Requirements

- (a) WAPA shall carry and maintain the insurance as set out in Schedule 10 B.

ARTICLE 12 UNCONTROLLABLE CIRCUMSTANCES

Section 12.1 Effect of Uncontrollable Circumstance. Neither Party shall be liable to the other Party for failure to perform any obligation hereunder, when such failure is the result of the occurrence of an Uncontrollable Circumstance which arises after the Contract Date; provided, that neither Party shall be excused from any obligation to pay amounts due under this Agreement for services rendered or products delivered before the occurrence of the Uncontrollable Circumstance. Upon becoming aware of the occurrence of an Uncontrollable

Circumstance, or that any such event is reasonably expected to occur, the affected Party shall promptly notify the other Party of such event, or such pending event, as the case may be. The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required as a result of the Uncontrollable Circumstance. The non-performing Party shall proceed with reasonable diligence to remedy, if a remedy is available, its inability to perform and shall provide weekly progress reports to the other Party describing actions taken to implement such remedy. When the non-performing Party is able to resume performance of its obligations under this Agreement, said Party shall give the other Party written notice to that effect.

Section 12.2 Changes Due to Uncontrollable Circumstance. As soon as practicable following the initial written notice of the Uncontrollable Circumstance by the Party seeking to suspend performance due to the Uncontrollable Circumstance, such Party shall provide the other Party with a written preliminary evaluation of the extent of the adverse effect upon the performance obligations under this Agreement. Upon completion of the notifying Party's final analysis of such adverse impact, including completion of engineering estimates, if necessary, and of any necessary modifications or repairs to the Facility, the Interconnection Facilities and WAPA's Storage and Distribution Facilities or other remedial action, the notifying Party shall provide the other Party with a final written report of the overall impact on the operation of this Agreement.

Section 12.3 Termination Due to Uncontrollable Circumstance. In the event that Seven Seas's delay or failure of performance caused by an Uncontrollable Circumstance continues for an uninterrupted period of twelve (12) months, either Party may terminate this Agreement upon written notice to the other Party. In the event that WAPA's delay or failure of performance caused by an Uncontrollable Circumstance continues uninterrupted for a period of twelve (12) months, either Party may terminate this Agreement upon written notice to the other Party. If the Agreement is terminated pursuant to this Section 12.3, neither Party shall have any further obligations hereunder, except as to the payment of all costs and balances incurred prior to the effective date of such termination and as to provisions expressly surviving termination pursuant to Section 18.8.

Section 12.4 Destruction. In the event that the Facility shall be destroyed or substantially damaged by an Uncontrollable Circumstance, Seven Seas shall, within thirty (30) Days of the destruction or damage, assess the damage to determine whether or not the Facility can be repaired or rebuilt, and advise WAPA, accordingly. If the Facility cannot be repaired or rebuilt, either party may terminate the Agreement upon thirty (30) Days prior written notice without liability or charge, except that both Parties shall remain obligated to pay all monies due under this Agreement, including, but not limited to, charges for Water produced and dispatched through the date of termination of this Agreement. If the Facility can be repaired or rebuilt, provided that such rebuilding can be accomplished within twelve (12) months, WAPA and Seven Seas's obligations under the Agreement shall be suspended until such time as the Facility is rebuilt and capable of producing Water in accordance with this Agreement, after which the Parties' obligations under this Agreement shall resume. If the Facility's ability to produce First Pass Water is not so destroyed or substantially damaged but the Facility's ability to produce Ultrapure Water is so destroyed or substantially damaged, the provisions of this Section 12.4 shall only apply to the Facility as it relates to Ultrapure Water and not as it relates to First Pass

Water. In the event WAPA's water system is substantially damaged or destroyed by Uncontrollable Circumstances, WAPA shall, within thirty (30) Days of the destruction or damage, determine whether or not to repair or rebuild WAPA's water system, and advise Seven Seas accordingly. If WAPA's water system cannot be repaired or rebuilt, either party may terminate this Agreement upon thirty (30) Days' prior written notice without liability or charge, except that WAPA shall remain obligated to pay all monies due to Seven Seas under this Agreement for Water produced and dispatched through the date of termination of this Agreement. If WAPA's water system can be repaired or rebuilt, provided such repair or rebuilding can be accomplished within twelve (12) months, WAPA and Seven Seas's obligations under this Agreement shall be suspended unless and until such time as WAPA's water system is repaired or rebuilt to be capable to take the Water Seven Seas is producing, after which the Parties' obligations under this Agreement shall resume.

ARTICLE 13 DEFAULT AND TERMINATION

Section 13.1 Seven Seas Default. WAPA may declare Seven Seas in default of the Agreement if any of the following shall occur and continue for the time specified:

(a) Seven Seas is unable to deliver from the Facility to the applicable Delivery Points the lesser of (i) the amount of Water then dispatched by WAPA in accordance with this Agreement or (ii) the Facility's Contract Capacity, for an aggregate of one hundred and eighty (180) Days, in any rolling period of twelve (12) consecutive Billing Periods.

(i) Exceptions: Seven Seas shall not be in default pursuant to Section 13.1(a) under the following conditions or events:

1. An Uncontrollable Circumstance;
2. The failure of WAPA to fully and timely perform all of its obligations set forth in Section 3.6 and elsewhere in this Agreement; or,
3. The unavailability of power, fuel or other utilities or supplies necessary for Seven Seas to operate the Facility.

(b) Seven Seas fails to pay undisputed amounts due to WAPA under this Agreement within thirty (30) Days following written notice from WAPA demanding payment thereof. Seven Seas shall have the right to offset against amounts otherwise owed to Seven Seas by WAPA which offsets shall be deemed a payment for the purpose of this Agreement.

(c) Seven Seas fails to maintain solvency, including:

(i) inability, failure, or refusal to pay debts as they mature; entry into an arrangement with or for the benefit of all or substantially all of its creditors; consent to or acquiescence in the appointment of a receiver, trustee, or liquidator for all or substantially all of Seven Seas' assets;

(ii) bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding, in each case for relief of Seven Seas' debts, instituted by or against Seven Seas under the laws of any jurisdiction, which proceeding is not dismissed within ninety (90) Days;

(iii) any action or answer in a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding, in each case for relief of Seven Seas' debts, in which Seven Seas approves of, consents to, or acquiesces in, any such proceeding; or

(iv) the levy of any distress, execution, or attachment upon Seven Seas's property which shall substantially interfere with Seven Seas's performance hereunder; provided, that this form of insolvency shall not be deemed to have occurred if the insolvency is caused primarily by WAPA's failure to make any payment due pursuant to this Agreement within thirty (30) Days of when it becomes due and payable.

(d) If WAPA has fully and timely performed all of its obligations under Section 3.6(a) and elsewhere in this Agreement and Seven Seas fails to achieve the Commercial Operation Date including any extensions of the Commercial Operation Date permitted under Section 3.4;

(e) Seven Seas fails to maintain adequate insurance in accordance with Article 11;

(f) Seven Seas fails to perform any material obligations under this Agreement, other than the defaults addressed in (a) through (e) above, which remain uncured for sixty (60) Days after Seven Seas receives written notice from WAPA of such failure, with such notice describing in reasonable detail the nature of the failure; or,

(h) An event of default under the Lease Agreement and said default remains uncured as specified by the Lease.

Section 13.2 WAPA Default. Seven Seas may declare WAPA in default of the Agreement if any of the following shall occur and continue for the time specified:

(a) WAPA fails to pay any amounts, except for amounts disputed in good faith, due to Seven Seas pursuant to the terms of this Agreement as found in Section 5.3. WAPA shall have the right to offset against amounts otherwise owed to WAPA by Seven Seas which offsets shall be deemed a payment for the purpose of this Agreement.

(b) WAPA fails to maintain solvency, including:

(i) inability, failure, or refusal to pay debts as they mature; entry into an arrangement with or for the benefit of all or substantially all of its creditors; consent to or acquiescence in the appointment of a receiver, trustee, or liquidator for all or substantially all of WAPA's assets;;

(ii) bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding, in each case for relief of WAPA's debts, instituted by or against WAPA under the laws of any jurisdiction, which proceeding is not dismissed within ninety (90) Days;

(iii) any action or answer in a bankruptcy, winding up, reorganization, insolvency, arrangement, or similar proceeding, in each case for relief of WAPA's debts, in which WAPA approves of, consents to, or acquiesces in, any such proceeding;

(iv) the levy of any distress, execution, or attachment upon WAPA's property which shall substantially interfere with WAPA's performance hereunder;

(c) WAPA fails to perform fully and timely any obligation under Section 3.6(a);

(d) WAPA fails to perform any material obligations under this Agreement, other than the defaults addressed in (a) through (c) above, which remains uncured for sixty (60) Days after WAPA receives written notice from Seven Seas of such failure, with such notice describing in reasonable detail the nature of the failure; or,

(e) An event of default under the Lease Agreement and said default remains uncured as specified by the Lease.

Section 13.3 Termination for Seven Seas or WAPA Default.

(a) If Seven Seas shall default under and pursuant to Section 13.1 of this Agreement and such default shall be continuing, WAPA may, at its option, by sixty (60) Days' prior written notice to Seven Seas, terminate this Agreement, at which time WAPA's obligations herein shall cease; provided, however, that WAPA shall not have the right to terminate this Agreement pursuant to the terms and conditions of this Section 13.3(a) at any time when WAPA is in default under this Agreement as specified in Section 13.2 or is otherwise in material breach of this Agreement whether or not Seven Seas has declared such default. If the default however is of such nature that it can, with due diligence and adequate resources, be cured within sixty (60) days, WAPA's right to terminate shall be suspended during an additional sixty day (60) period (the "Cure Period") as Seven Seas is diligently and continuously engaged with adequate resources in effecting a cure. If Seven Seas successfully cures any default within the Cure Period, then WAPA's right to terminate will be waived and this Agreement will continue without interruption. If a termination of this Agreement pursuant to the terms and conditions of this Section 13.3(a) shall occur, WAPA shall be responsible for the payment of Invoices for Water dispatched under the terms of this Agreement through the termination date.

(b) If WAPA shall default under and pursuant to Section 13.2 of this Agreement and such default shall be continuing, Seven Seas may, at its option, by sixty (60) Days' prior written notice to WAPA, terminate this Agreement, at which time Seven Seas's obligations herein shall cease; provided, however, that Seven Seas shall not have the right to terminate this Agreement pursuant to the terms and conditions of this Section 13.3(b) at any time when Seven Seas is in default under this Agreement as specified in Section 13.1 or is otherwise in material breach of this Agreement whether or not WAPA has declared such default. If the

default however is of such nature that it can, with due diligence and adequate resources, be cured within sixty (60) days, Seven Seas's right to terminate shall be suspended during an additional sixty day (60) period (the "Cure Period") as WAPA is diligently and continuously engaged with adequate resources in effecting a cure. If WAPA successfully cures any default within the Cure Period, then Seven Seas's right to terminate will be waived and this Agreement will continue without interruption. If a termination of this Agreement pursuant to the terms and conditions of this Section 13.3(b) shall occur, in addition to all other legal remedies available to Seven Seas, WAPA shall be responsible for the payment of Invoices for Water dispatched under the terms of this Agreement through the termination date.

Section 13.4 WAPA's Right to Control and Operate Facility

(a) Upon an event of default by Seven Seas under Section 13.1(a), but subject to the passage of the Cure Period and prior to any termination of this Agreement by WAPA under Section 13.3, WAPA shall have the right (but not the obligation) to assume control of and operate the Facility solely as agent for Seven Seas during the Contract Term or during the Extension of Contract Term period in accordance with all of the obligations imposed on Seven Seas in connection with the operation of the Facility pursuant to the terms and conditions of this Agreement ("Step-in Rights"). Both Parties agree that such Step-in Rights shall be subordinate in all respects to any similar rights or other interests that may be granted to one or more lenders or financing sources by the Seven Seas, presently or in the future, or that may otherwise be available to such lenders or financing sources.

(b) During any period that WAPA has assumed control of and is operating the Facility in exercise of its Step-in Rights, WAPA shall purchase Water from the Facility pursuant to the terms and conditions of this Agreement and at the price stated herein, without any penalty or premium or the payment of any additional consideration. WAPA shall use the proceeds from any such sales: (i) first, to reimburse WAPA for any and all incremental expenses reasonably and directly incurred by WAPA in operating the Facility (which expenses shall be specifically accounted for by WAPA in accordance with Article 10 hereof); and (ii) any balance of payments for Water remaining after application as provided in the foregoing sentence shall be promptly remitted to Seven Seas.

(c) During any period that WAPA has assumed control of and is operating the Facility in exercise of its Step-in Rights, Seven Seas shall retain legal title to and ownership of the Facility and WAPA shall assume management control solely as agent for Seven Seas it being understood and agreed that during the period of WAPA's management of the Facility, Seven Seas shall have the same audit rights provided to WAPA under Section 10.1 hereof. Upon exercise of WAPA's Step-in Rights, and subject to any subordination as set forth in Section 13.4 (a), Seven Seas agrees to grant WAPA, its employees, and contractors, rights, licenses and easements, solely during the period in which WAPA is entitled to exercise, and is exercising its Step-in Rights under this Section 13.4, to enter upon the Site for the purpose of operating the Facility as provided herein.

(d) In the event WAPA is entitled and is exercising its Step-in-Rights in accordance with Section 13.4, Seven Seas shall execute appropriate documentation necessary to designate WAPA as Seven Seas' attorney-in-fact solely to operate the Facility during the period

in which WAPA is entitled to exercise its Step-in-Rights and is exercising its Step-in-Rights. As Seven Seas' attorney-in-fact during the entitled Step-in-Rights period, WAPA shall have the right to execute such certificates and documents and take all necessary other actions as may be required to operate the Facility in accordance with Section 13.4. The designation of WAPA as Seven Seas' attorney-in-fact shall immediately cease upon the termination of WAPA's Step-in-Rights pursuant to Section 13.4(e).

(e) Seven Seas may resume operation of the Facility and WAPA's Step-in-Rights shall automatically terminate upon the date on which Seven Seas demonstrates that it has cured the default under Section 13.1(a) that triggered WAPA's exercise of its Step-in Rights.

(f) WAPA's exercise of its rights hereunder to control and operate the Facility, including its designation and use of its attorney-in-fact rights, shall not be deemed an assumption by WAPA of any liability attributable to Seven Seas. For the period during which WAPA is in control of and is operating the Facility, each Party shall indemnify, save harmless and defend the other Party against all claims, demands, judgments and associated costs and expenses, related to property damage, bodily injuries or death suffered by third parties resulting from any act or failure to act by the indemnifying Party related to this Agreement.

Section 13.6 Remedies Cumulative. Except as provided in Section 14.4, each right or remedy of the Parties under this Agreement shall be cumulative of and shall be in addition to every other right or remedy provided herein, and the exercise, or the beginning of the exercise, by a Party of any one or more of the rights or remedies provided for herein shall not preclude the simultaneous or later exercise by such Party of any or all other rights or remedies provided for herein.

ARTICLE 14 LIMITATION ON LIABILITY AND INDEMNIFICATION

Section 14.1 Exclusion of Consequential Damages. Without limiting any obligation to pay damages or any other express remedy otherwise specifically provided for in this Agreement, in no event, whether because of a breach of any provision contained in this Agreement or any other cause, whether based upon contract, negligence, including tort or strict liability, warranty, or otherwise, shall either Party be liable for or obligated in any manner to pay incidental, special, punitive, consequential, exemplary, or indirect damages of any nature whatsoever incurred by either Party.

Section 14.2 Indemnification by Seven Seas. Seven Seas agrees to indemnify and hold harmless WAPA and its officials, employees, agents and contractors, in each case solely in their capacities as such, from any loss, claim, liability, penalty, fine, forfeiture, demand, cause of action, suit and costs and expenses incidental thereto (including cost of defense, settlement and reasonable attorney's fees) caused by or resulting from (1) any negligent or willful act or omission of Seven Seas, or its directors, officers, employees, agents or contractors, in each case solely in their capacities as such, in the performance of Seven Seas's obligations under this Agreement or (2) the breach by Seven Seas of any covenants, representations or warranties of Seven Seas contained in this Agreement; provided, that Seven Seas shall not indemnify WAPA or any of its officials, employees, agents or contractors from any loss, liability, penalty, fine,

forfeiture, demand, cause of action, suit, and costs and expenses incidental thereto, including cost of defense, settlement and reasonable attorney's fees, caused by or arising out of any negligent or willful act or omission of, or the breach of this Agreement by, WAPA or any of its officials, employees, agents, or contractors, acting in their capacities as such.

Section 14.3 Indemnification by WAPA. WAPA agrees to indemnify and hold harmless Seven Seas, and its directors, officers, employees, agents and contractors, in each case solely in their capacities as such, from any loss, claim, liability, penalty, fine, forfeiture, demand, cause of action, suit and costs and expenses incidental thereto, including cost of defense, settlement and reasonable attorney's fees, caused by or resulting from (1) any negligent or willful act or omission of WAPA or its officials, employees, agents or contractors, in each case solely in their capacities as such, in the performance of WAPA's obligations under this Agreement, or (2) the breach by WAPA of any covenants, representations or warranties of WAPA contained in this Agreement; provided, that WAPA shall not indemnify Seven Seas, or its directors, officers, employees, agents or contractors, from any loss, liability, penalty, fine, forfeiture, demand, cause of action, suit and cost and expense incidental thereto, including cost of defense, settlement and reasonable attorney's fees, caused by or arising out of any negligent or willful act or omission of or breach of this Agreement by Seven Seas, or any of its directors, officers, employees, agents, or contractors, acting in their capacities as such.

Section 14.4 Termination Remedy; Liquidated Damages TO THE EXTENT ANY DAMAGES UNDER THIS AGREEMENT ARE EXPRESSLY IDENTIFIED AS LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGE THAT: (i) THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, (ii) OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, (iii) THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS AND NOT A PENALTY, AND (iv) EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, SUCH LIQUIDATED DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY OF THE INJURED PARTY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

Section 14.5 Limitation on Liability.

(a) WAPA's liability to Seven Seas under this Agreement, whether based on contract, warranty or tort, including intentional acts, errors or omissions, negligence, indemnity, strict liability, or otherwise, or any other claim or cause of action shall not in the aggregate exceed Ten Million Dollars (\$10,000,000.00) per year.

(b) Seven Seas's liability to WAPA under this Agreement, whether based on contract, warranty or tort (including intentional acts, errors or omissions, negligence, indemnity, strict liability, or otherwise), or any other claim or cause of action shall not in the aggregate exceed Ten Million Dollars (\$10,000,000.00) per year.

Section 14.6 Subrogation. WAPA waives all rights of subrogation and recovery against Seven Seas and any of its subcontractors of all tiers to the extent of any loss or damage to WAPA's property situated at WAPA's power generation plant on St. Thomas. Seven Seas waives all rights of subrogation and recovery against WAPA to the extent of any loss or damage

to Seven Seas's property, which is situated at WAPA's power generation plant on St. Thomas. Seven Seas will require all of its subcontractors to similarly waive their rights of subrogation and recovery in each of their respective construction contracts with respect to their work on the Project. WAPA's property insurance policy shall contain a waiver of subrogation clause stating that the insurance companies will waive their rights of subrogation against any party that the insured's or loss payees have waived their rights of action prior to any loss.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES

Section 15.1 Representations and Warranties of Seven Seas. Seven Seas represents and warrants as of the date hereof as follows:

(a) Seven Seas is a corporation duly organized and validly existing under the laws of the U. S. Virgin Islands, is duly qualified to conduct business in the U.S. Virgin Islands, and has full legal right, power and authority to enter into and perform its obligations under this Agreement.

(b) Seven Seas has duly authorized the execution and delivery of this Agreement. This Agreement has been duly executed and delivered by Seven Seas and constitutes the legal, valid and binding obligation of Seven Seas in accordance with its terms except insofar as such enforcement may be affected by bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally.

(c) Neither the execution nor the delivery by Seven Seas of this Agreement nor the performance by Seven Seas of its obligations hereunder, assuming all Permits and Approvals are obtained and remain in effect: (i) conflicts with, violates, or results in a breach of any Applicable Law applicable to Seven Seas; or (ii) conflicts with, violates or results in a breach of any term or condition of any judgment, decree, franchise, material agreement, including the certificate of formation of Seven Seas, or material instrument to which Seven Seas is a party or by which Seven Seas or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, material agreement or material instrument.

(d) There is no action, suit or other proceeding as of the date hereof at law or in equity, before or by any Governmental Authority, pending or, to its knowledge, threatened against Seven Seas, which is likely to result in an unfavorable decision, ruling, or finding which would materially and adversely affect the validity or enforceability of this Agreement or any agreement or instrument entered into by Seven Seas in connection with the transactions contemplated hereby, or which would materially and adversely affect the performance by Seven Seas of its obligations hereunder or under any such other agreement or instrument.

Section 15.2 Representations and Warranties of WAPA. WAPA represents and warrants as of the date hereof as follows:

(a) WAPA is a public authority duly established and validly existing under the constitution and laws of the U.S. Virgin Islands, is duly qualified to conduct business in the U.S. Virgin Islands, and upon the approval of this Agreement by the Virgin Islands Public

Services Commission, will have full legal right, power and authority to enter into and perform its obligations under this Agreement.

(b) WAPA has duly authorized the execution and delivery of this Agreement. This Agreement has been duly executed and delivered by WAPA and upon the approval of this Agreement by the Virgin Islands Public Services Commission, will constitute a legal, valid and binding obligation of WAPA enforceable against WAPA in accordance with its terms except insofar as such enforcement may be affected by bankruptcy, insolvency, moratorium and other laws affecting creditors rights generally.

(c) Neither the execution nor the delivery by WAPA of this Agreement nor the performance by WAPA of its obligations hereunder, to the knowledge of WAPA: (i) upon the approval of this Agreement by the Virgin Islands Public Services Commission will conflict with, violate, or results in a breach of any Applicable Law applicable to WAPA; or (ii) conflicts with, violates, or results in a breach of any term or condition of any judgment, decree, franchise, material agreement or material instrument to which WAPA is a party or by which WAPA or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, material agreement or material instrument.

(d) There is no action, suit or other proceeding as of the date hereof at law or in equity, before or by any Governmental Authority, pending or, to its knowledge, threatened against WAPA, which is likely to result in an unfavorable decision, ruling, or finding which would materially and adversely affect the validity or enforceability of this Agreement or any agreement or instrument entered into by WAPA in connection with the transactions contemplated hereby, or which would materially and adversely affect the performance by WAPA of its obligations hereunder or under such an agreement or instrument.

ARTICLE 16 DISPUTE RESOLUTION

Section 16.1 Continued Performance. Each Party shall continue to perform its obligations under this Agreement pending resolution of any dispute pursuant to this Article 16. Neither Party shall be required to make any disputed payment(s) to the other Party so long as such dispute has been referred in good faith to the process for resolution pursuant to this Article 16; provided, that to the extent any amounts owed to either Party by the other Party are not disputed in good faith and can be segregated from amounts with respect to which there is a dispute, such undisputed amounts shall, in good faith, be identified by the Parties and paid as required by this Agreement. To the extent that any disputed amount was withheld from a Party, and such Party is ultimately found to be entitled to all or any portion of such disputed amount pursuant to this Article 16, then such Party shall be entitled to the payment of interest on any withheld amount, at the Applicable Interest Rate, from the original due date for payment of such amount until the payment of such disputed amount.

Section 16.2 Negotiations. If any dispute, controversy or claim arises under or relates to this Agreement or the breach, termination or validity thereof (the "Dispute"), such Dispute shall be referred by each Party to its designated senior officer for resolution upon five (5) Days' written notice from either Party (the "Dispute Notice"). If the designated senior officers of the

Parties are unable to reach agreement within thirty (30) Days of the Dispute Notice, upon the request of either Party, such Dispute shall be referred to arbitration in accordance with Section 16.3. The Parties agree to attempt to resolve all Disputes promptly and equitably and to provide each other with reasonable access during regular business hours to any and all non-privileged records, information and data pertaining to any such Dispute.

Section 16.3 Arbitration.

(a) Submission to Arbitration. Within sixty (60) days after the expiration of the thirty (30) Day period noted above in Section 16.2, either Party may submit any Dispute to arbitration by providing the other Party a written notice of arbitration, (the "Demand for Arbitration") specifying the matter to be arbitrated.

(b) Arbitration Proceedings. The arbitration shall be held in St. Thomas, U.S. Virgin Islands and shall be governed by the American Arbitration Association ("AAA") Commercial Arbitration Rules, then in effect, except as modified herein. If the amount in Dispute (including claims and counterclaims) is One Million Dollars (\$1,000,000) or less, there shall be one arbitrator chosen by agreement of the Parties within thirty (30) Days of receipt by respondent of a copy of the demand for arbitration. If the amount in Dispute is greater than One Million Dollars (\$1,000,000), there shall be three (3) arbitrators, one chosen by each party within thirty (30) Days of receipt by respondent of a copy of the demand for arbitration and the third chosen by the two arbitrators so selected within twenty (20) Days of the appointment of the second arbitrator. If any arbitrator is not timely appointed, on the request of any Party such arbitrator shall be appointed by the AAA in accordance with the listing ranking and striking provision in its Commercial Arbitration Rules. Any arbitrator appointed by the AAA shall be a retired judge experienced with large, complex commercial cases or an attorney admitted to practice for at least fifteen years, who is experienced in the arbitration of large, complex commercial cases, if possible with experience with water-related transactions or disputes.

(c) Discovery. The arbitrator(s) shall permit each Party to conduct reasonable discovery as promptly and expeditiously as possible and both Parties shall cooperate to this end. Discovery shall be limited to requests for the production of documents and examination upon deposition by each Party of up to five (5) witnesses for no more than eight (8) hours each. Each Party's requests for and responses to discovery including examination upon deposition shall be completed within sixty (60) Days of the arbitrators' selection. The Parties may modify the terms of discovery by mutual agreement. The arbitrator(s) shall resolve any discovery disputes between the Parties that the Parties cannot resolve themselves and may modify or extend any limit or time period contained in this Section 16.3 for good cause.

(d) Evidence. The hearing shall begin as promptly and expeditiously as possible and, if practicable, not more than sixty (60) Days after the conclusion of the discovery period. Each Party shall file written direct testimony with the arbitrator(s) and serve a copy on the other Party. The written testimony shall be received by the arbitrator(s) and the other Party no later than ten (10) Days prior to the commencement of the hearing. Each Party shall be permitted to make opening statements with the Party demanding arbitration presenting its opening statement first. Immediately after opening statements, the Party demanding arbitration shall then present evidence in support of its position. The other Party then shall present evidence

in support of its position. Both Parties may present rebuttal witnesses. All witnesses shall testify under oath, and a stenographic record and transcript of the hearing shall be made. Each Party shall have an opportunity to cross-examine the other Party's witnesses, including the witnesses for whom written direct testimony has been filed. The Parties shall be permitted to make closing statements. The Party demanding arbitration shall present its statement first. The arbitrator(s) shall, if practicable, conclude and close the hearing within thirty (30) calendar days of its commencement. The period for concluding the hearing may be modified by mutual agreement of the Parties.

(e) Determination. The determination and/or award of the arbitrator(s) shall be made no later than thirty (30) Days from the date of the completion of the hearing or, if applicable, the date when post-hearing briefs were received by the arbitrator(s) and the Parties. Such determination and/or award shall be conclusive, final, and binding. To the extent that an award includes an amount of money, such award shall include interest at the Applicable Interest Rate, and such interest shall accrue from the date(s) on which such money was originally due to have been paid to the prevailing Party or was incorrectly paid by that Party.

(f) Costs. The costs of the arbitration proceedings, other than the Parties' own expenses and attorneys' fees, shall be shared equally by the Parties.

(g) Arbitral Awards. The arbitrator(s) shall apply U.S. Virgin Islands law and shall have no power to amend or add to this Agreement, but shall have the authority to interpret the language of this Agreement and make findings of fact, order specific performance and provide injunctive relief or any other remedy available under the terms of this Agreement as if the arbitrator(s) were a court. Subject to such limitation, the decision and award of the arbitrator(s) shall be final and binding. Judgment on an award may be enforced in any court of competent jurisdiction. Upon request of either Party, the arbitrator(s) may issue such orders for interim relief as may be deemed necessary to safeguard the property that is the subject of arbitration or otherwise to avoid irreparable harm to a Party, without prejudice to the rights of the Parties in the final determination of the Dispute. Either Party may, without inconsistency with this Agreement, seek from any court of competent jurisdiction any interim or provisional relief that may be necessary to protect the rights or property of that Party or prevent irreparable harm, pending the establishment of the arbitration tribunal. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any party to respect the arbitral tribunal's orders to that effect.

(h) Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS LEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

ARTICLE 17 TAXES

Section 17.1 Seven Seas's Liability for Taxes: Seven Seas shall be solely responsible for any and all present or future taxes relating to the construction, ownership or leasing, operation or maintenance of the Facility, or any components or appurtenances thereof, and all *ad valorem* taxes relating to the Site or the Facility, and Seven Seas shall be obligated to pay all federal, state, territorial, and local taxes imposed on or with respect to the generation or sale of Water by Seven Seas to WAPA under this Agreement. Notwithstanding the foregoing, in the event the taxes, duties, or fees imposed by the local government change, the changes will be passed through directly to WAPA by an increase in the then applicable Water Charges as determined in Schedule 2; provided, however, that Seven Seas shall retain responsibilities for all taxes generally applicable to all business doing business in the Virgin Islands, including but not limited to corporate income taxes, property taxes and gross receipt taxes on receipts by Seven Seas. In no event, however, shall Seven Seas be responsible for any gross receipts, income tax, or other tax that is based upon the receipts or income of WAPA or its successors. In no event shall any change reduce the Water Charge to an amount lower than that found in Schedule 2 as adjusted from time to time. Further provided that any increase in water rates which is above the Authority's avoided cost must be approved by Public Services Commission before such rates can become effective.

Section 17.2 Gross Receipt Taxes: Title 33, Section 44 of the Virgin Islands Code requires WAPA, when making a payment under this Agreement, to deduct and withhold from such payment, gross receipts taxes equal to four percent (4%) of such payment. Seven Seas agrees that the calculation and payment of gross receipt taxes shall be its sole responsibility. WAPA shall not be responsible in any manner for miscalculation of the gross receipts due under this Agreement or for any additional assessments by the Bureau of Internal Revenue. For the purposes of complying with Title 33, Section 44 of the Virgin Islands Code, WAPA shall withhold and forward to the Bureau of Internal Revenue an amount equal to four percent (4%) of the total amount of each Invoice subject to gross receipts taxes. Moreover, in determining the amount of gross receipts taxes that Seven Seas is subject to hereunder, should Seven Seas qualify and receive any tax exemptions and/or benefits providing for the reduction or total waiver of applicable gross receipts tax liabilities, a certificate or other such document indicating same and signed by the appropriate party shall be sufficient proof of Seven Seas's gross receipts tax liability hereunder.

ARTICLE 18 MISCELLANEOUS

Section 18.1 Seven Seas's Assignment Rights

(a) Seven Seas shall not assign or otherwise transfer this Agreement, except upon WAPA's prior written consent; provided, however, that, upon prior written notification to WAPA, Seven Seas may assign or otherwise transfer this Agreement without WAPA's consent, (i) to an Affiliate, (ii) in connection with a merger, consolidation, or reorganization involving Seven Seas, or (iii) in connection with a sale of all or substantially all of the assets or voting stock of Seven Seas involving any Person having equal or better financial creditworthiness and equal or more industry experience as the Seven Seas. In addition, Seven Seas may assign or

otherwise transfer this Agreement without WAPA's consent in connection with an initial public offering by Seven Seas or its Affiliate or in connection with any debt financing. However, nothing herein shall relieve Seven Seas, its successor, its assignee or any new entity formed as a result of (i – iii) above of its obligations hereunder to WAPA. Seven Seas agrees to provide prompt written notice to WAPA of any assignment covered by this Section 18.1(a).

(b) Seven Seas or its successors and/or assigns may from time to time, without the prior written consent of WAPA, encumber the interest of Seven Seas or a successor and/or assignee in this Agreement and the rights granted hereunder by one or more security instruments (a "Security Interest"), including, without limitation, by a collateral assignment of this Agreement, provided that any Security Interest and all rights acquired under it shall be subject to each and all of the covenants, conditions and restrictions stated in this Agreement and to all rights and interests of WAPA and further provided, that Seven Seas or an assignee shall promptly upon the execution of any Security Interest deliver a written notice thereof to WAPA.

(c) Without limiting the generality of the foregoing, nothing contained in such Security Interests shall release or be deemed to relieve Seven Seas from full and faithful observance and performance of the terms, covenants and conditions herein contained to be observed and performed by Seven Seas or from any liability for the non-observance or non-performance of any of the terms and conditions hereof, nor be deemed to constitute a waiver of any rights of WAPA hereunder, except as expressly provided for herein. WAPA agrees upon request of Seven Seas or the holder of a Security Interest to execute an agreement in reasonable form which contains provisions and protections reasonably requested by the holder of such Security Interest.

Section 18.2 WAPA's Assignment Rights.

(a) WAPA shall not assign or otherwise transfer this Agreement, except upon Seven Seas's prior written consent; provided, however, that, upon prior written notification to Seven Seas, WAPA may assign or otherwise transfer this Agreement without Seven Seas's consent to any agency, authority or other Person having equal or better financial creditworthiness and similar responsibilities, authority, and independence. In addition, WAPA may assign or otherwise transfer this Agreement as required by any act of the Virgin Islands Government and shall provide prompt written notice thereof to Seven Seas. However, nothing herein shall relieve WAPA, its successor, its assignee or its assignee of its obligations hereunder to Seven Seas.

Section 18.3 Ownership of Facility Seven Seas is the sole legal and beneficial owner and the operator of the Facility, free and clear of any liens or other interests in favor of WAPA. The Facility shall remain the personal property of Seven Seas and shall not attach to or be deemed a part of, or become a fixture to, the Site regardless of the manner of affixation to the Site. Without limiting the generality of the foregoing, WAPA hereby waives any statutory or common law lien that it might otherwise have in or to the Facility or any part thereof and agrees that, Seven Seas (i) shall maintain ownership of the Facility and (ii) from and after the occurrence of an event of default by WAPA under this Agreement and the completion of all applicable notice and cure periods, Seven Seas may remove the Facility at any time from the Site, whether or not affixed or attached to the realty, any building or any other equipment or

property of WAPA or any other party. WAPA shall execute and furnish any instrument (including, without limitation, any financing statements or similar public documents) and/or take any action reasonably requested by Seven Seas to perfect, confirm or maintain Seven Seas's right, title and interest in the Facility. WAPA acknowledges and agrees that, neither by the execution of nor by reason of performance under this Agreement, does it obtain any title to the Facility or any of their components, nor any property right or interest, legal or equitable, in the Facility or any of their components, whether or not affixed or attached to the realty or any structure thereon other than WAPA's Intake structures. Seven Seas shall be liable for any damage caused by the removal of the Facility to the realty or any structure thereon or to any other property located on or at the Site. Seven Seas acknowledges that the Site on which the Facility will be located are not part of the Facility.

Section 18.4 Further Assurances. Each Party agrees to, and shall use all reasonable efforts to, provide such information, execute and deliver any instruments and documents and take such action as may be necessary or reasonably requested or required by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement in order to give full force and effect to this Agreement and to carry out its intent.

Section 18.5 Relationship of Parties. Except as otherwise explicitly provided herein, no Party to this Agreement shall have any responsibility whatsoever with respect to services provided or contractual obligations assumed by any other Party and nothing in this Agreement shall be deemed to constitute any Party a partner, agent or legal representative of any other Party or to create any fiduciary relationship between or among the Parties.

Section 18.6 Notices. Any notices required to be given hereunder shall be deemed delivered when deposited in the United States mail, certified and return receipt requested, by nationally recognized express courier, or by personal delivery, addressed to the following persons or such other persons as the Parties may designate in writing:

If to WAPA:

Hugo V. Hodge, Jr.
Executive Director
The Virgin Islands Water and Power Authority
P.O. Box 1450
St. Thomas, Virgin Islands, USA 00804-1450

If to Seven Seas:

Seven Seas Water Corporation (USVI)
7410 Estate Bovoni, 2-2 #9
St. Thomas, VI 00802
Attention: Operations Manager

with copies (which shall not constitute notice) to:

Seven Seas Water Corporation
14400 Carlson Circle
Tampa, FL 33626
Attention: Chief Financial Officer
and
Goodwin Procter LLP
Exchange Place
53 State Street
Boston, MA 02109
Attention: Mark H. Burnett

Section 18.7 Waiver. No waiver of any provision of this Agreement shall be effective against a Party except as expressly set forth in a writing signed by such Party. The waiver by either Party of a default or a breach by the other Party of any provision of this Agreement shall not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by either Party with knowledge of the existence of a default or breach shall not operate or be construed to operate as a waiver of any subsequent default or breach.

Section 18.8 Confidential Information.

(a) Any Confidential Information of a transferring Party (the “Disclosing Party”) which is disclosed to or otherwise received or obtained by the other Party (the “Receiving Party”) incident to this Agreement shall be held in confidence, and the Receiving Party shall not publish or otherwise disclose such Confidential Information to any Person or use any such Confidential Information, except as reasonably may be required in connection with the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, each Party shall observe the same safeguards and precautions with regard to Confidential Information of the Disclosing Party which such Party observes with respect to its own information of the same or similar kind.

(b) If the Receiving Party receives a Request from any Person, entity, governmental agency or legislative body (in each case, a “Required Disclosure”), and such Request is made pursuant to Applicable Law, including, without limitation, 3 V.I.C. §§881-884; provided that, prior to making any Required Disclosure to disclose any Confidential Information of the Disclosing Party, the Receiving Party shall promptly notify the Disclosing Party of the Request with prompt written notice of any such request or requirement and shall provide the Disclosing Party with a copy of the Request, so that the Disclosing Party, at its own expense, may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement.

(c) If the Receiving Party receives any Request other than a Required Disclosure (a “Public Request”), the Receiving Party shall promptly notify the Disclosing Party of the Public Request and shall provide the Disclosing Party with a copy of the Public Request. Upon receipt of such notice from the Receiving Party, the Disclosing Party may either (i) contest the Public Request at its sole expense, and agree to indemnify and hold harmless the Receiving

Party for any liability (including cost of defense and reasonable attorneys' fees) arising out of or relating to such Public Request, or (ii) consent to the disclosure of Confidential Information.

(d) The Receiving Party shall not disclose any Confidential Information requested pursuant to the Public Request until the earlier to occur of (i) the provision by the Disclosing Party of its written consent to the disclosure of Confidential Information in response to the Public Request, or (ii) the Receiving Party is served with a Disclosure Order. If the Disclosing Party fails to respond to the notice from the Receiving Party regarding the Public Request within ten (10) Days of receipt of such notice, it shall be deemed to have consented to the Receiving Party's disclosure of the Confidential Information requested pursuant to the Public Request.

(e) If disclosure is required pursuant to this Section 18.9, the Receiving Party shall limit such disclosure only to the Confidential Information explicitly requested in the Request.

(f) The obligation to retain Confidential Information in confidence shall continue in full force and effect until the earlier of (i) the second (2nd) anniversary of the disclosure of such information, or (ii) the second (2nd) anniversary of the expiration or earlier termination of this Agreement, with respect to any information obtained by any Party prior to such termination.

Section 18.9 Public Utility Nothing in this Agreement shall be construed to mean that Seven Seas is a "Public Utility" as defined in Title 30 of the Virgin Islands Code Section 1. If, however, attempts are made by the Public Services Commission, hereinafter referred as the "PSC," to regulate Seven Seas as a Public Utility due to its activities under this Agreement, Seven Seas may, at its sole discretion, upon one hundred eighty (180) Days' prior written notice, terminate this Agreement and remove the Facility. In such an event, Seven Seas agrees that it will look to WAPA only for monies due for services to the date of termination of this Agreement, not any indemnification or damages, costs or fees arising out of any attempt to regulate Seven Seas as a Public Utility.

Section 18.10 Subcontracting. Seven Seas shall have the right to subcontract work to be performed, but shall remain liable for full performance hereunder. Seven Seas shall instruct the subcontractors to abide by the same standards of behavior, rules and regulations which are required of Seven Seas. Provided that WAPA shall have the right to require the removal from the site of any employee of Seven Seas or of any subcontractor, if in the judgment of WAPA such removal is necessary to protect the interest of WAPA. Seven Seas shall pay all subcontractors engaged by Seven Seas.

Section 18.11 Employees of Seven Seas. WAPA specifically acknowledges that it has been informed of Seven Seas's policy of requiring that all Seven Seas employees agree neither to compete with Seven Seas nor to work for clients of Seven Seas located in the US Virgin Islands for a period of eighteen (18) months after termination of employment with Seven Seas. WAPA agrees that it will not employ any of Seven Seas' current or former employees, until a period of eighteen (18) months has elapsed since the termination of the person's employment with Seven Seas. This provision shall survive the termination of this Agreement.

Section 18.12 Survivals. Notwithstanding anything provided herein to the contrary, Articles 2, 5, 10, 11, 12, 13, 14, 16, 17, and 18 shall survive the expiration or termination of this Agreement.

Section 18.13 Posting of Vacancies. In accordance with 27 V.I. Code Ann. § 303b, any Contractor having a business license in the Territory is required to notify the Employment Security Agency, Virgin Islands Department of Labor of its intent to fill an existing position, now vacant or soon to become vacant, or a new previously unfilled position.

Section 18.14 Headings. The headings or titles of the sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Agreement.

Section 18.15 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the U.S. Virgin Islands.

Section 18.16 Third Party Rights. Nothing herein is intended to or should be construed to create any rights of any kind whatsoever in third persons not parties to this Agreement.

Section 18.17 Counterparts. This Agreement and any amendment hereto may be executed and delivered in one or more counterparts and by different Parties in separate counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective (unless otherwise therein provided) when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be delivered by facsimile transmission.

Section 18.18 Severability. In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties shall negotiate in good faith and agree to such amendments, modifications, or supplements to this Agreement, or such other appropriate actions, as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein, and the other provisions of this Agreement shall, as so amended, modified, supplemented, or otherwise affected by such action, remain in full force and effect.

Section 18.19 Terms Generally. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation."

Section 18.20 Coral Bay Facility. It is understood by the Parties that WAPA anticipates installing a Reverse Osmosis Water Facility at Coral Bay. At such time as determined by WAPA, the Parties shall attempt to negotiate a Contract for Seven Seas' supply of Water services at Coral Bay. In the event that said negotiations fail, it is understood by the Parties that WAPA may produce water or seek other sources for Coral Bay.

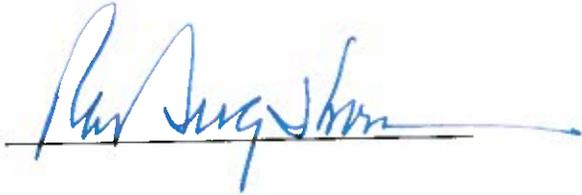
Section 18.21 Entire Document. This Agreement and each Schedule as hereinafter specified shall constitute the entire agreement between the Parties with respect to the development, financing, design, construction and operation of the Facility and the other transactions contemplated hereby, and all prior agreements, negotiations, representations, and understandings with respect thereto, including RFP and Seven Seas' bid proposal, are expressly superseded. No amendment, modification, or change to this Agreement or its Schedules shall be effective unless the same shall be in writing, duly executed, authorized and approved by the Parties. In the event of any conflict between the terms and conditions of this Agreement and that of any exhibit, schedule or other document referenced herein, this Agreement shall govern and control. The following Schedules and Exhibits are incorporated herein by reference as if set forth in full, whether or not attached hereto:

- Exhibit A – Description of the Facility and the Site
- Exhibit B – Permits and Approvals
- Exhibit C – Feed Water Characteristics (Standard Seawater)
- Exhibit D – [Reserved]
- Exhibit E – Form of Lease
- Exhibit F – Interconnection Specifications
- Exhibit G – Description of Facility Metering and High Pressure Protective Devices
- Exhibit H – Safe Drinking Water Standards
- Exhibit I – Seven Seas's Financial Statement
- Exhibit J – Renovation Scopes, Drawings and Construction Schedule for South and Middle Intake Structures
- Schedule 1 – Facility Specifications
- Schedule 2 – Charges for Water
- Schedule 3 – Requirements for Commercial Operation Date
- Schedule 4 – Construction Milestones
- Schedule 5 – Dispatch Obligations
- Schedule 6 – Metering
- Schedule 7 – Specifications for Water
- Schedule 8 – [Reserved]
- Schedule 9 – [Reserved]
- Schedule 10 - Insurance Requirements
- Schedule 11 – Scheduling and Dispatch
- Schedule 12 – [Reserved]
- Schedule 13 – [Reserved]
- Schedule 14 – Form of Invoice
- Schedule 15 – Electrical Consumption

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first set forth above.

ATTEST:

SEVEN SEAS WATER CORPORATION
(USVI)

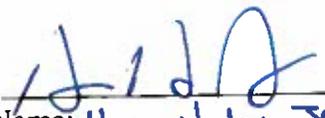


By:  5/12/11
Name: DOUGLAS R. BROWN
Title: CEO

ATTEST:

VIRGIN ISLANDS WATER AND POWER
AUTHORITY



By:  5/12/11
Name: Hugo Hodge Sr.
Title: Executive Director / CEO

APPROVED AS TO LEGAL FORM AND
CONTENT

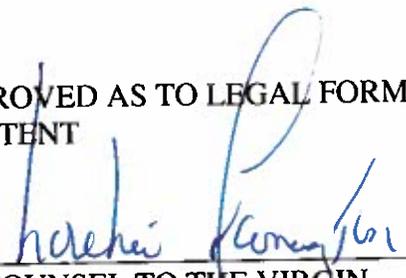
By: 
COUNSEL TO THE VIRGIN
ISLANDS WATER AND POWER
AUTHORITY

EXHIBIT A
DESCRIPTION OF THE FACILITIES AND SITES

APPENDIX A.1: GLOBAL DESCRIPTION OF FACILITY AND SITE LOCATIONS



ULTRAPURE WATER FACILITY & SITE
 Depicted as Appendix A.3

FIRST PASS WATER DELIVERY POINT

FIRST PASS WATER BRINE DISCHARGE
 IN INTERCONNECTION POINT

INTERCONNECTION FACILITIES
 COLOR CODE DESCRIPTIONS

INTAKE 2

Seven Seas Water to Construct to Site, and maintain and operate for the Term of the Agreement, to have a final water source for their First Pass Water Facility. In case to be reviewed, operated and maintained by WAPA.

FIRST PASS WATER FACILITY & SITE
 Depicted as Appendix A.2

CONSTRUCTION LAYDOWN AREA
 Depicted as Appendix A.4

ULTRAPURE WATER DELIVERY POINT & INTERCONNECTION POINT

FIRST PASS WATER INTERCONNECTION POINT

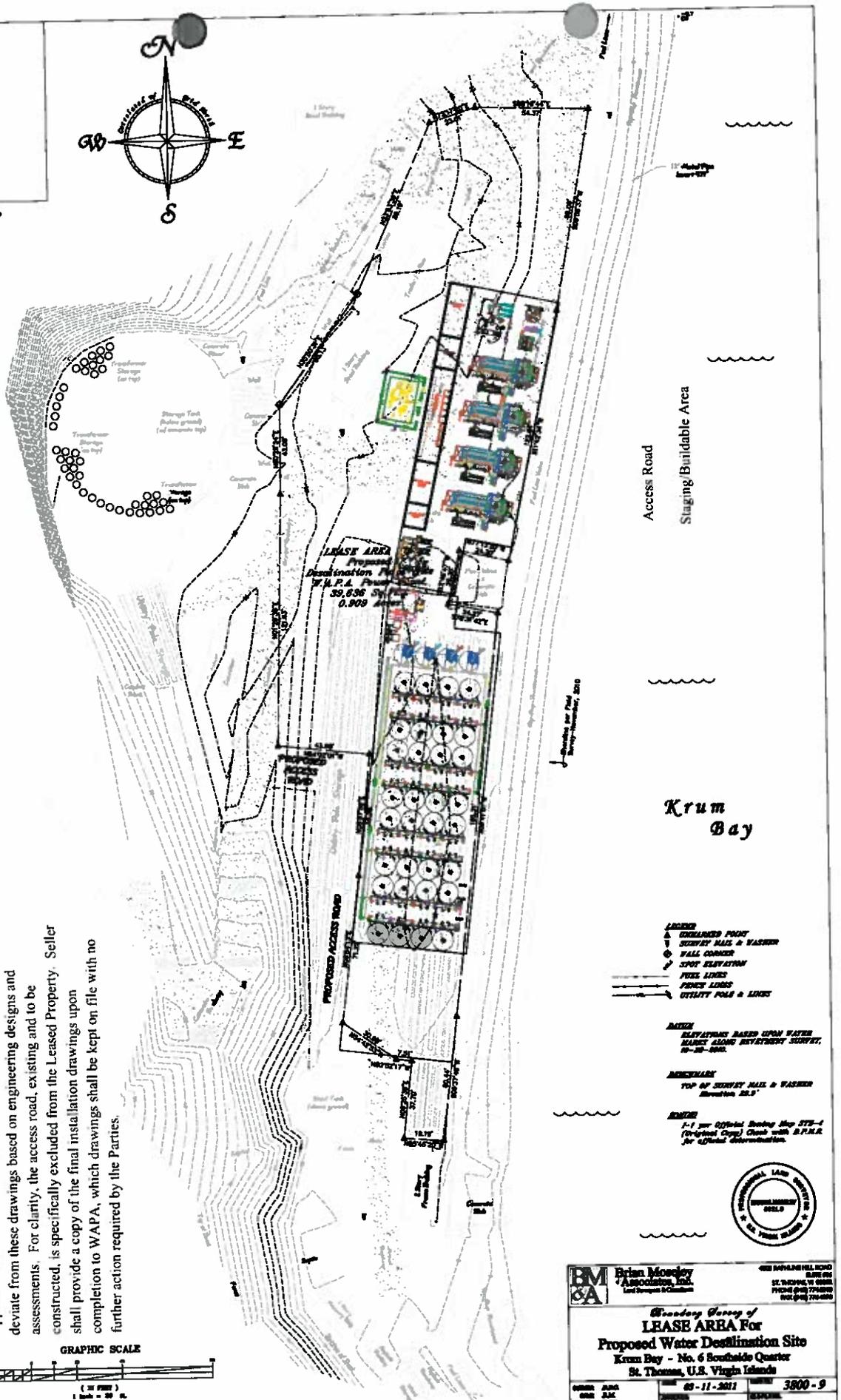
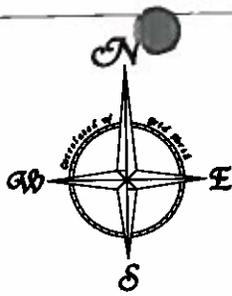
- 3. First Pass Water Brine
 - 4. Ultrapure Water Brine
- Colors: Dependent on the new and future interconnection facilities and approved by the Parties.

Exhibit A.2 First Pass Water Facility and Site

Note: The surveyed site location, provided to the Parties by Brian Mosley & Associates, Inc., shall govern the boundaries of the Facility. All piping paths and locations shall not deviate from Appendix A.1. attached hereto. Actual Facility installation may deviate from these drawings based on engineering designs and assessments. For clarity, the access road, existing and to be constructed, is specifically excluded from the Leased Property. Seller shall provide a copy of the final installation drawings upon completion to WAPA, which drawings shall be kept on file with no further action required by the Parties.



LOCATION MAP



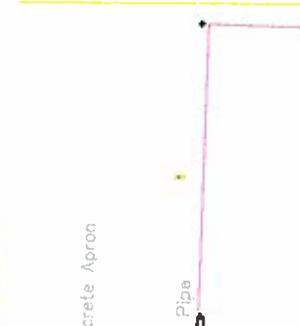
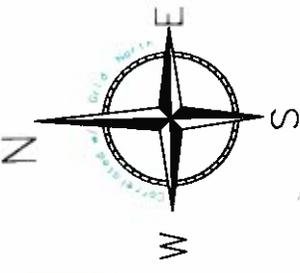
Krum Bay

BM & A Brian Mosley & Associates, Inc.
 400 WINDMILL ROAD
 ST. THOMAS, VI
 PHONE (808) 774-8800
 FAX (808) 774-4200

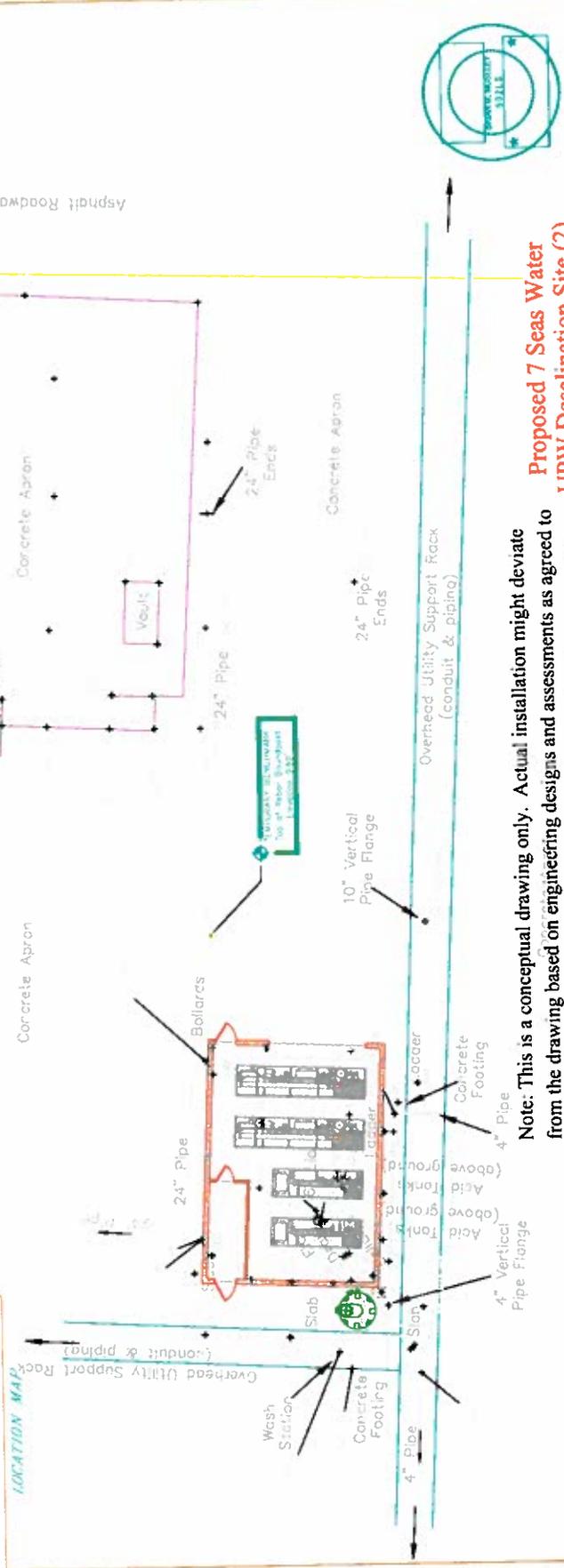
**Boundary Survey of
LEASE AREA For
Proposed Water Destination Site
Krum Bay - No. 6 Southside Quarter
St. Thomas, U.S. Virgin Islands**

DATE	2011-11-09	SHEET	3800 - 9
BY	BM & A	SCALE	
CHECKED	BM & A		
DATE	11-09		

Exhibit A.3 UltraPure Water Facility and Site



tion\Scanned Images\Tax Maps\St. Thomas\071-60.tif



**Proposed 7 Seas Water
UPW Desalination Site (2)**

Note: This is a conceptual drawing only. Actual installation might deviate from the drawing based on engineering designs and assessments as agreed to by the Parties. Seller shall provide a copy of the final installation drawings, upon completion to WAPA, which drawings shall be kept on file with no further action required by the Parties.

NOTES
THE PROCEDURES USED FOR DATA COLLECTION AND SUBSEQUENT PROCESSING OF THIS MAP REQUIRE THAT THE DESIGNER FAMILIARIZE HIMSELF OR HIMSELF WITH THE SITE AND BE AWARE THAT SPECIFIC NATURAL FEATURES TO BE INCORPORATED INTO A FINAL DESIGN SHOULD BE FIELD CHECKED EARLY IN THE DESIGN PROCESS. A HIGHER DEGREE OF ACCURACY AND/OR DEFINITION MAY BE REQUIRED.



**Brian Moseley
Associates Inc.**
Land Surveyors & Consultants

4003 RAPHUNE HILL ROAD
SUITE 808
ST. THOMAS, VI 00802
PHONE (340) 774-3310
FAX (340) 778-4080

**Partial Topographic Survey of
Proposed Water Desalination Site (2)**
Krum Bay
No. 6 Southside Quarter
St. Thomas, U.S. Virgin Islands

Dwg No. **3800-8**

SURVEY: D.P.O.	DATE: 01-31-11	DRAWING NO. 3800-8
CALC: B.M.	APPROVED:	OLD FILE NO.
SCALE: 1" = 10'		

BENCHMARK
TOP OF SURVEY MAIL & WASHER
Elevation: 9.60

LEGEND
SURVEY MAIL & WASHER
SPOT ELEVATION

DATE
ELEVATIONS BASED UPON WATKIN
PLAST ALONG REPLENISHMENT
SURVEY, 10-08-2010

ZONING
1:1 per Official Zoning Map 372-4
(Original Copy) Check with D.P.N.R.
for Official Determination.

EXHIBIT A.4 - Construction Laydown Area



Construction Office, Equipment Receiving Area, and Equipment Laydown Area to be used for duration of the Construction Period.

EXHIBIT B

LIST OF ANTICIPATED PERMITS AND APPROVALS **[actual Permits and Approvals will be kept on file]**

1. Building Permit
2. Coastal Zone Management (CZM) Earth Change Permit
3. U.S. Army Corps of Engineer
4. TPDES Discharge Permit

EXHIBIT C

FEED WATER CHARACTERISTICS

Constituent	Units	Seawater
TDS	Mg/l	35,000
PH	Units	8.0
Oil and Grease	Mg/l	0
Chemical Pollutants	Mg/l	0
SDI	N/A	Less than 5
Turbidity	NTU	Less than 1

Feed Water Notes:

- (a) The feed water shall meet the standards for "Standard Seawater" as defined by ASTM Standard D4195-88, with the following additional characteristics: 77 – 82 degrees F water temperature, clean, clear, and colorless, i.e. a maximum Silt Density Index (SDI) value of 5.0, turbidity level of 1.0 NTU, oil/grease level of 0.0 mg/l, and absent of pollutants and other non-naturally occurring substances, be they chemical or biological in origin. Notwithstanding the above, an infrequent reading of trace amounts of pollutants in feed water will not be viewed as non-performance.
- (b) If any of the values found in Exhibit C herein increase by 10% and remain at said increased level for a contiguous period of 14 days (or greater), the Parties agree such an event shall constitute an Uncontrollable Circumstance. In such an event, the Parties will use commercially reasonable efforts to seek a mutually beneficial solution in a timely manner.

EXHIBIT D

[RESERVED]

EXHIBIT E
LEASE BETWEEN LANDLORD AND TENANT

EXHIBIT F

INTERCONNECTION FACILITIES SPECIFICATIONS

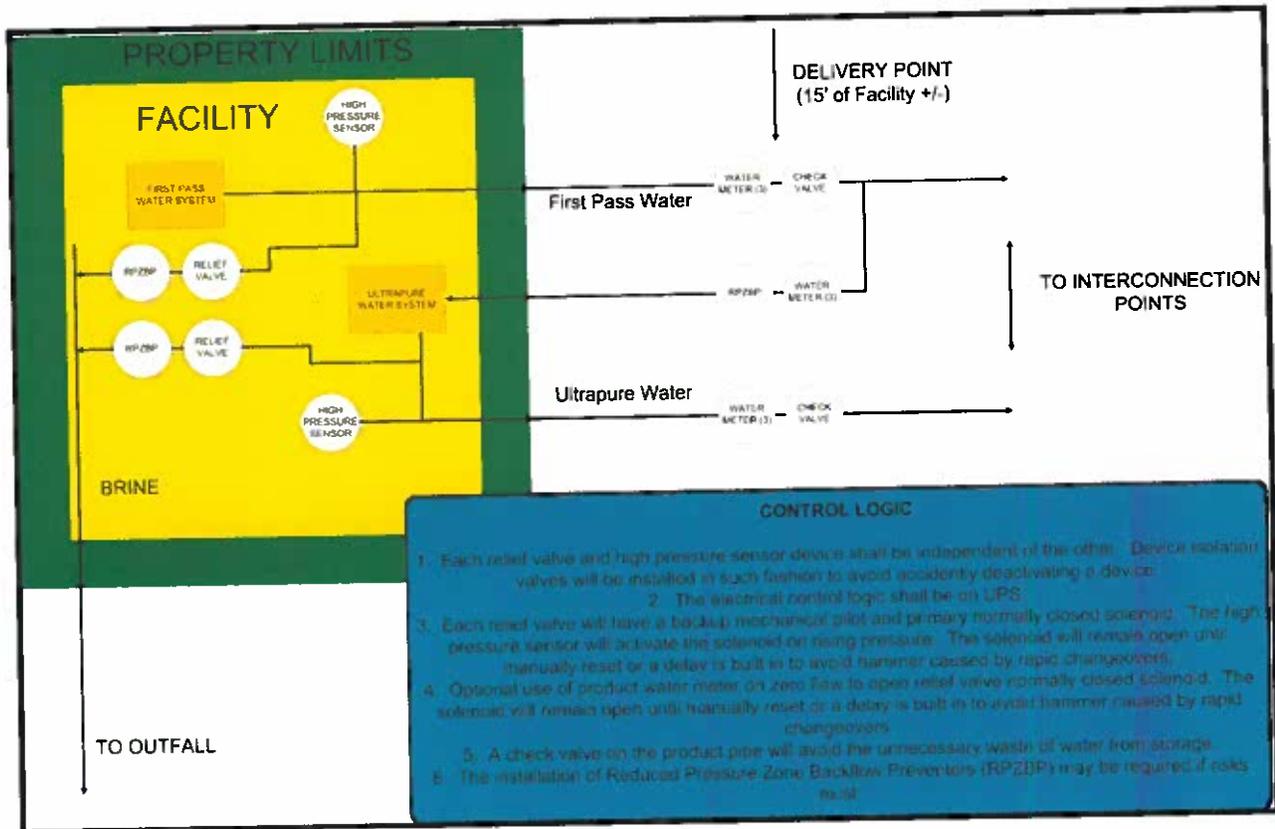
The Parties agree that the Interconnection Facilities – beyond the Delivery Point, which routes are depicted in Exhibit A – shall become the responsibility of WAPA upon the Commercial Operation Date. As such, the design and construction of the Interconnection Facilities shall conform to WAPA's construction specifications or other standards or specifications as agreed to by the Parties.

Seven Seas shall utilize WAPA's construction specifications, attached hereto as Appendix A.5, and other applicable industry standards as a guide to propose a design relative to material types and sizes; fittings and required appurtenances; underground burials and/or overhead supports in accordance to Section 7.3 of this Agreement. WAPA shall not unreasonably withhold, condition or delay Seven Seas' proposed design, construction or acceptance of the Interconnection Facilities.

If either Party becomes aware that construction of the Interconnection Facility is not proceeding in accordance with the approved design, then construction will be halted immediately and not resume until the divergence from the plans are corrected.

EXHIBIT G

DESCRIPTION OF FACILITY METERING & HIGH PRESSURE PROTECTIVE DEVICES



This is a conceptual drawing only. Actual installation might deviate from the drawings based on engineering designs and assessments as agreed to by both Parties. Final drawing will be attached hereto as Exhibit F.1.

EXHIBIT H
SAFE DRINKING WATER STANDARDS



National Primary Drinking Water Regulations

Contaminant	MCL or TT ¹ (mg/L) ²	Potential health effects from long-term ³ exposure above the MCL	Common sources of contaminant in drinking water	Public Health Goal (mg/L) ²
OC Acrylamide	TT ¹	Nervous system or blood problems; increased risk of cancer	Added to water during sewage/wastewater treatment	zero
OC Alachlor	0.002	Eye, liver, kidney or spleen problems; anemia; increased risk of cancer	Runoff from herbicide used on row crops	zero
R Alpha/positron emitters	15 picocuries per Liter (pCi/L)	Increased risk of cancer	Erosion of natural deposits of certain minerals that are radioactive and may emit a form of radiation known as alpha radiation	zero
IOC Antimony	0.006	Increase in blood cholesterol; decrease in blood sugar	Discharge from petroleum refineries; fire retardants; ceramics, electronics, solder	0.006
IOC Arsenic	0.010	Skin damage or problems with circulatory systems, and may have increased risk of getting cancer	Erosion of natural deposits; runoff from orchards; runoff from glass & electronics production wastes	0
IOC Asbestos (fibers > 10 micrometers)	7 million fibers per Liter (MFL)	Increased risk of developing benign intestinal polyps	Decay of asbestos cement in water mains, erosion of natural deposits	7 MFL
OC Atrazine	0.003	Cardiovascular system or reproductive problems	Runoff from herbicide used on row crops	0.003
IOC Barium	1	Increase in blood pressure	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits	2
OC Benzene	0.003	Anemia; decrease in blood platelets; increased risk of cancer	Discharge from factories; leaching from gas storage tanks and landfills	zero
OC Benzo(a)pyrene (PAHs)	0.0002	Reproductive difficulties; increased risk of cancer	Leaching from linings of water storage tanks and distribution lines	zero
IOC Beryllium	0.004	Intestinal lesions	Discharge from metal refineries and coal-burning factories; discharge from electrical, aerospace, and defense industries	0.004
R Beta photon emitters	4 millirem per year	Increased risk of cancer	Decay of natural and man-made deposits of certain minerals that are radioactive and may emit forms of radiation known as photons and beta radiation	zero
DBP Bromate	0.010	Increased risk of cancer	Byproduct of drinking water disinfection	zero
IOC Cadmium	0.005	Kidney damage	Corrosion of galvanized pipes; erosion of natural deposits; discharge from metal refineries; runoff from waste batteries and paints	0.005
OC Carbofuran	0.04	Problems with blood, nervous system, or reproductive system	Leaching of soil fumigant used on rice and alfalfa	0.04
OC Carbon tetrachloride	0.600	Liver problems; increased risk of cancer	Discharge from chemical plants and other industrial activities	zero
D Chloramines (as Cl ₂)	MRDL=4.0 ⁴	Eye/nose irritation; stomach discomfort; anemia	Water additive used to control microbes	MRDLG=4 ⁴
OC Chlordane	0.002	Liver or nervous system problems; increased risk of cancer	Residue of banned termiticide	zero
D Chlorine (as Cl ₂)	MRDL=4.0 ⁴	Eye/nose irritation; stomach discomfort	Water additive used to control microbes	MRDLG=4 ⁴
D Chlorine dioxide (as ClO ₂)	MRDL=0.8 ⁴	Anemia; infants, young children, and fetuses of pregnant women; nervous system effects	Water additive used to control microbes	MRDLG=0.8 ⁴
DBP Chlorite	1.0	Anemia; infants, young children, and fetuses of pregnant women; nervous system effects	Byproduct of drinking water disinfection	0.8
OC Chlorobenzene	0.1	Liver or kidney problems	Discharge from chemical and agricultural chemical factories	0.1
IOC Chromium (total)	0.1	Allergic dermatitis	Discharge from steel and pulp mills; erosion of natural deposits	0.1
IOC Copper	TT ¹ ; Action Level=1.3	Short term exposure: Gastrointestinal distress. Long-term exposure: Liver or kidney damage. People with Wilson's Disease should consult their personal doctor if the amount of copper in their water exceeds the action level	Corrosion of household plumbing systems; erosion of natural deposits	1.3
M <i>Cryptosporidium</i>	TT ¹	Short-term exposure: Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste	zero

LEGEND

- D Disinfectant
- DBP Disinfection Byproduct
- IOC Inorganic Chemical
- M Microorganism
- OC Organic Chemical
- R Radionuclides

Contaminant	MCL or TT ¹ (mg/L) ²	Potential health effects from long-term ³ exposure above the MCL	Common sources of contaminant in drinking water	Public Health Goal (mg/L) ²
OC Cyanide (as free cyanide)	0.3	Nerve damage or thyroid problems	Discharge from steel/metal factories; discharge from plastic and fertilizer factories	0.2
OC 2,4-D	0.07	Kidney, liver, or adrenal gland problems	Runoff from herbicide used on row crops	0.07
OC Dalapon	0.3	Minor kidney changes	Runoff from herbicide used on rights of way	0.2
OC 1,2-Dibromo-3-chloropropane (DBCP)	0.002	Reproductive difficulties, increased risk of cancer	Runoff/leaching from soil fumigant used on soybeans, cotton, pineapples, and orchards	zero
OC o-Dichlorobenzene	0.6	Liver, kidney, or circulatory system problems	Discharge from industrial chemical factories	0.6
OC p-Dichlorobenzene	0.075	Anemia, liver, kidney or spleen damage; changes in blood	Discharge from industrial chemical factories	0.075
OC 1,2-Dichloroethane	0.003	Increased risk of cancer	Discharge from industrial chemical factories	zero
OC 1,1-Dichloroethylene	0.001	Liver problems	Discharge from industrial chemical factories	0.007
OC cis-1,2-Dichloroethylene	0.07	Liver problems	Discharge from industrial chemical factories	0.07
OC trans-1,2-Dichloroethylene	0.1	Liver problems	Discharge from industrial chemical factories	0.1
OC Dichloromethane	0.005	Liver problems, increased risk of cancer	Discharge from drug and chemical factories	zero
OC 1,2-Dichloropropane	0.005	Increased risk of cancer	Discharge from industrial chemical factories	zero
OC Di(2-ethylhexyl) adipate	0.4	Weight loss, liver problems, or possible reproductive difficulties	Discharge from chemical factories	0.4
OC Di(2-ethylhexyl) phthalate	0.006	Reproductive difficulties; liver problems; increased risk of cancer	Discharge from rubber and chemical factories	zero
OC Dinoseb	0.007	Reproductive difficulties	Runoff from herbicide used on soybeans and vegetables	0.007
OC Dioxin (2,3,7,8 TCDD)	0.0000003	Reproductive difficulties, increased risk of cancer	Emissions from waste incineration and other combustion; discharge from chemical factories	zero
OC Diquat	0.02	Cataracts	Runoff from herbicide use	0.02
OC Endothal	0.1	Stomach and intestinal problems	Runoff from herbicide use	0.1
OC Endrin	0.002	Liver problems	Residue of banned insecticide	0.002
OC Epichlorohydrin	TT ¹	Increased cancer risk; stomach problems	Discharge from industrial chemical factories; an impurity of some water treatment chemicals	zero
OC Ethylbenzene	0.7	Liver or kidney problems	Discharge from petroleum refineries	0.7
OC Ethylene dibromide	0.00005	Problems with liver, stomach, reproductive system, or kidneys; increased risk of cancer	Discharge from petroleum refineries	zero
M Fecal coliform and <i>E. coli</i>	MCL ²	Fecal coliforms and <i>E. coli</i> are bacteria whose presence indicates that the water may be contaminated with human or animal wastes. Microbes in these wastes may cause short term effects, such as diarrhea, cramps, nausea, headaches, or other symptoms. They may pose a special health risk for infants, young children, and people with severely compromised immune systems.	Human and animal fecal waste	zero ⁴
IOC Fluoride	4.0	Bone disease (pain and tenderness of the bones); children may get mottled teeth	Water additive which promotes strong teeth, erosion of natural deposits, discharge from fertilizer and aluminum factories	4.0
M <i>Giardia lamblia</i>	TT ¹	Short-term exposure: Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste	zero
OC Glyphosate	0.7	Kidney problems, reproductive difficulties	Runoff from herbicide use	0.7
DBP Haloacetic acids (HAA5)	0.060	Increased risk of cancer	Byproduct of drinking water disinfection	n/a ⁵
OC Heptachlor	0.0004	Liver damage; increased risk of cancer	Residue of banned termiticide	zero
OC Heptachlor epoxide	0.0002	Liver damage, increased risk of cancer	Breakdown of heptachlor	zero
M Heterotrophic plate count (HPC)	TT ¹	HPC has no health effects; it is an analytic method used to measure the variety of bacteria that are common in water. The lower the concentration of bacteria in drinking water, the better maintained the water system is	HPC measures a range of bacteria that are naturally present in the environment	n/a

LEGEND

- D Disinfectant
- DBP Disinfection Byproduct
- IOC Inorganic Chemical
- M Microorganism
- OC Organic Chemical
- R Radionuclides

Contaminant	MCL or TT ¹ (mg/L) ²	Potential health effects from long-term ³ exposure above the MCL	Common sources of contaminant in drinking water	Public Health Goal (mg/L) ²
OC Hexachlorobenzene	0.001	Liver or kidney problems, reproductive difficulties, increased risk of cancer	Discharge from metal refineries and agricultural chemical factories	zero
OC Hexachlorocyclopentadiene	0.03	Kidney or stomach problems	Discharge from chemical factories	0.05
IOC Lead	TT3, Action Level=0.015	Infants and children: Delays in physical or mental development; children could show slight deficits in attention span and learning abilities. Adults: Kidney problems, high blood pressure	Corrosion of household plumbing systems; erosion of natural deposits	zero
M Legionella	TT7	Legionnaire's Disease, a type of pneumonia	Found naturally in water; multiplies in heating systems	zero
OC Lindane	0.0002	Liver or kidney problems	Runoff/leaching from insecticide used on cattle, lumber, gardens	0.0002
IOC Mercury (inorganic)	0.002	Kidney damage	Erosion of natural deposits; discharge from refineries and factories, runoff from landfills and croplands	0.002
OC Methoxychlor	0.04	Reproductive difficulties	Runoff/leaching from insecticide used on fruits, vegetables, alfalfa, livestock	0.04
IOC Nitrate (measured as Nitrogen)	10	Infants below the age of six months who drink water containing nitrate in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits	10
IOC Nitrite (measured as Nitrogen)	1	Infants below the age of six months who drink water containing nitrite in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits	1
OC Oxamyl (Vydate)	0.2	Slight nervous system effects	Runoff/leaching from insecticide used on apples, potatoes, and tomatoes	0.2
OC Pentachlorophenol	0.001	Liver or kidney problems, increased cancer risk	Discharge from wood-preserving factories	zero
OC Picloram	0.5	Liver problems	Herbicide runoff	0.5
OC Polychlorinated biphenyls (PCBs)	0.0005	Skin changes; thymus gland problems; immune deficiencies; reproductive or nervous system difficulties, increased risk of cancer	Runoff from landfills, discharge of waste chemicals	zero
R Radium 226 and Radium 228 (combined)	5 pCi/L	Increased risk of cancer	Erosion of natural deposits	zero
IOC Selenium	0.05	Hair or fingernail loss; numbness in fingers or toes; circulatory problems	Discharge from petroleum and metal refineries; erosion of natural deposits; discharge from mines	0.05
OC Simazine	0.004	Problems with blood	Herbicide runoff	0.004
OC Styrene	0.1	Liver, kidney, or circulatory system problems	Discharge from rubber and plastic factories; leaching from landfills	0.1
OC Tetrachloroethylene	0.005	Liver problems; increased risk of cancer	Discharge from factories and dry cleaners	zero
IOC Thallium	0.002	Hair loss, changes in blood, kidney, intestine, or liver problems	Leaching from ore-processing sites; discharge from electronics, glass, and drug factories	0.0005
OC Toluene	1	Nervous system, kidney, or liver problems	Discharge from petroleum factories	1
M Total Coliforms	5.0 percent ⁴	Coliforms are bacteria that indicate that other, potentially harmful bacteria may be present. See fecal coliforms and <i>E. coli</i>	Naturally present in the environment	zero
DBP Total Trihalomethanes (TTHMs)	0.080	Liver, kidney or central nervous system problems; increased risk of cancer	Byproduct of drinking water disinfection	n/a ⁵
OC Toxaphene	0.001	Kidney, liver, or thyroid problems; increased risk of cancer	Runoff/leaching from insecticide used on cotton and cattle	zero
OC 2,4,5-TP (Silvex)	0.05	Liver problems	Residue of banned herbicide	0.05
OC 1,2,4-Trichlorobenzene	0.07	Changes in adrenal glands	Discharge from textile finishing factories	0.07
OC 1,1,1-Trichloroethane	0.2	Liver, nervous system, or circulatory problems	Discharge from metal degreasing sites and other factories	0.2
OC 1,1,2-Trichloroethane	0.005	Liver, kidney, or immune system problems	Discharge from industrial chemical factories	0.003
OC Trichloroethylene	0.001	Liver problems; increased risk of cancer	Discharge from metal degreasing sites and other factories	zero

LEGEND

D Disinfectant	IOC Inorganic Chemical	OC Organic Chemical
DBP Disinfection Byproduct	M Microorganism	R Radionuclides

Contaminant	MCL or TT ¹ (mg/L) ²	Potential health effects from long-term ³ exposure above the MCL	Common sources of contaminant in drinking water	Public Health Goal (mg/L) ²
M Turbidity	TT ¹	Turbidity is a measure of the cloudiness of water. It is used to indicate water quality and filtration effectiveness (e.g., whether disease-causing organisms are present). Higher turbidity levels are often associated with higher levels of disease-causing microorganisms such as viruses, parasites and some bacteria. These organisms can cause short term symptoms such as nausea, cramps, diarrhea, and associated headaches.	Soil runoff	n/a
R Uranium	10 µg/L	Increased risk of cancer, kidney toxicity	Erosion of natural deposits	zero
OC Vinyl chloride	0.002	Increased risk of cancer	Leaching from PVC pipes; discharge from plastic factories	zero
M Viruses (enteric)	TT ¹	Short-term exposure: Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste	zero
OC Xylenes (total)	10	Nervous system damage	Discharge from petroleum factories; discharge from chemical factories	10

LEGEND

- D** Disinfectant
- IOC** Inorganic Chemical
- OC** Organic Chemical
- DBP** Disinfection Byproduct
- M** Microorganism
- R** Radionuclides

NOTES

1 Definitions

- **Maximum Contaminant Level Goal (MCLG)**—The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety and are non-enforceable public health goals.
 - **Maximum Contaminant Level (MCL)**—The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to MCLGs as feasible using the best available treatment technology and taking cost into consideration. MCLs are enforceable standards.
 - **Maximum Residual Disinfectant Level Goal (MRDLG)**—The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
 - **Maximum Residual Disinfectant Level (MRDL)**—The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
 - **Treatment Technique (TT)**—A required process intended to reduce the level of a contaminant in drinking water.
- 2 Units are in milligrams per liter (mg/L) unless otherwise noted. Milligrams per liter are equivalent to parts per million (ppm).
- 3 Health effects are from long-term exposure unless specified as short-term exposure.
- 4 Each water system must certify annually, in writing, to the state (using third-party or manufacturers certification) that when it uses acrylamide and/or epichlorohydrin to treat water, the combination (or product) of dose and monomer level does not exceed the levels specified, as follows: Acrylamide = 0.05 percent dosed at 1 mg/L (or equivalent); Epichlorohydrin = 0.01 percent dosed at 20 mg/L (or equivalent).
- 5 Lead and copper are regulated by a Treatment Technique that requires systems to control the corrosiveness of their water. If more than 10 percent of tap water samples exceed the action level, water systems must take additional steps. For copper, the action level is 1.3 mg/L, and for lead is 0.015 mg/L.
- 6 A routine sample that is fecal coliform-positive or *E. coli*-positive triggers repeat samples—if any repeat sample is total coliform-positive, the system has an acute MCL violation. A routine sample that is total coliform-positive and fecal coliform-negative or *E. coli*-negative triggers repeat samples—if any repeat sample is fecal coliform-positive or *E. coli*-positive, the system has an acute MCL violation. See also Total Coliforms.
- 7 EPA's surface water treatment rules require systems using surface water or ground water under the direct influence of surface water to (1) disinfect their water, and (2) filter their water or meet criteria for avoiding filtration so that the following contaminants are controlled at the following levels:
- *Cryptosporidium*: 99 percent removal for systems that filter. Unfiltered systems are required to include *Cryptosporidium* in their existing watershed control provisions.
 - *Giardia lamblia*: 99.9 percent removal/inactivation
 - Viruses: 99.99 percent removal/inactivation
 - *Legionella*: No limit, but EPA believes that if *Giardia* and viruses are removed/inactivated according to the treatment techniques in the surface water treatment rule, *Legionella* will also be controlled.
 - Turbidity: For systems that use conventional or direct filtration, at no time can turbidity (cloudiness of water) go higher than 1 nephelometric turbidity unit (NTU), and samples for turbidity must be less than or equal to 0.3 NTU in at least 95 percent of the samples in any month. Systems that use filtration other than conventional or direct filtration must follow state limits, which must include turbidity at no time exceeding 5 NTU.
 - HPC: No more than 500 bacterial colonies per milliliter
 - Long Term 1 Enhanced Surface Water Treatment: Surface water systems or ground water systems under the direct influence of surface water serving fewer than 10,000 people must comply with the applicable Long Term 1 Enhanced Surface Water Treatment Rule provisions (e.g. turbidity standards, individual filter monitoring, *Cryptosporidium* removal requirements, updated watershed control requirements for unfiltered systems).
 - Long Term 2 Enhanced Surface Water Treatment: This rule applies to all surface water systems or ground water systems under the direct influence of surface water. The rule targets additional *Cryptosporidium* treatment requirements for higher risk systems and includes provisions to reduce risks from uncovered finished water storage facilities and to ensure that the systems maintain microbial protection as they take steps to reduce the formation of disinfection byproducts. (Monitoring start dates are staggered by system size. The largest systems (serving at least 100,000 people) will begin monitoring in October 2006 and the smallest systems (serving fewer than 10,000 people) will not begin monitoring until October 2008. After completing monitoring and determining their treatment bin, systems generally have three years to comply with any additional treatment requirements.)
 - Filter Backwash Recycling: The Filter Backwash Recycling Rule requires systems that recycle to return specific recycle flows through all processes of the system's existing conventional or direct filtration system or at an alternate location approved by the state.
- 8 No more than 5.0 percent samples total coliform-positive in a month. (For water systems that collect fewer than 40 routine samples per month, no more than one sample can be total coliform-positive per month.) Every sample that has total coliform must be analyzed for either fecal coliforms or *E. coli*. If two consecutive TC-positive samples, and one is also positive for *E. coli* or fecal coliforms, system has an acute MCL violation.
- 9 Although there is no collective MCLG for this contaminant group, there are individual MCLGs for some of the individual contaminants:
- Haloacetic acids: dichloroacetic acid (zero); trichloroacetic acid (0.3 mg/L)
 - Trihalomethanes: bromodichloromethane (zero); bromoform (zero); dibromochloromethane (0.06 mg/L)