

AMENDMENT 3
to
MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
and
DEEPWATER DESAL, LLC
CENTRAL COAST REGIONAL WATER PROJECT
COST SHARING AGREEMENT

This Amendment is entered into as of March 1, 2015 (**Effective Date**), by and between the Monterey Peninsula Water Management District, a California special act district (**MPWMD**), and DeepWater Desal LLC, a California Limited Liability Company located at 7532 Sandholdt Rd, #6, Moss Landing, CA 95039 (**Company**), collectively the “Parties”, based upon the following facts, intentions and understandings of the Parties.

6.4 Definitive Agreements. On or before January 31, 2015, the Company shall use its best efforts to enter into one of the following agreements to facilitate construction and operation of the CCWRP, including the Desalination Plant

- an option agreement for the Company to purchase the “Tank Farm” parcel adjacent to the Dynegy Moss Landing Power Plant from Dynegy Moss Landing, LLC, together with easements necessary to construct intake and/or outfall pipelines necessary to operate the CCRWP and the Desalination Plant; and
- an agreement for the Company to purchase from the City of Salinas sufficient electricity needed to operate the CCRWP and the Desalination Plant; and
- an agreement in a form reasonably acceptable to MPWMD for development of intake and outfall pipeline facilities, and data center components for the CCRWP.

In the event the MPWMD Option is still in effect at the time the agreements referenced in this Paragraph are made, such agreements shall expressly recognize and accommodate exercise of the MPWMD Option.

8. Suspension or Termination of MPWMD Payment Obligation

In addition to enforcing other rights set forth in this Agreement, MPWMD may, in its sole and absolute discretion suspend or cease payments under this Agreement if any of the following issues arise:

- Progress and/or expenditures made by the Company do not meet MPWMD expectations with respect to Environmental and Permitting Activities, completion of technical studies, development of preliminary design for the CCRWP or Desalination Plant, or the Company has failed to enter into or maintain adequate contracts for rent, insurance, or consultants; or,
- There has been a failure to identify either a CEQA Lead Agency and a federal NEPA

lead agency within sixty (60) days of Company's filing a complete application with a state permitting agency; Identification of federal or state lead agencies shall be evidenced by publication by that lead agency of a Notice of Intent or a Notice of Preparation in compliance with CEQA and NEPA, as may be applicable; or,

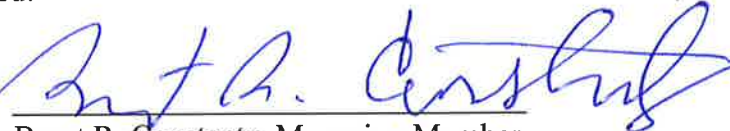
- MPWMD, in its sole discretion, finds and declares that its Water Supply Charge is limited and not available to fund reimbursement obligations under this Agreement; or,
- MPWMD, in its sole discretion, within one hundred sixty (160) days of the Effective Date of this Agreement, determines the Company lacks sufficient funds, taking into account funds contributed by MPWMD under this Agreement, to pay Environmental and Permitting Costs and to meet the additional costs anticipated above in the Background, Paragraph B, of this Agreement; or,
- MPWMD, in its sole discretion determines the Company will not have sufficient funds available for its expenditure on additional technical studies and/or preliminary design related to the CCRWP and Desalination Plant; or,
- The Company, on or before January 31, 2015, fails to enter into or maintain, in full effect, one of the Definitive Agreements described above in section 6.4.

WHEREFORE, this Amendment 3 to the Cost Sharing Agreement was executed by the parties on the date first above written.

COMPANY

DEEPWATER DESAL, LLC
a California Limited Liability Company


Dated:

By: 
Brent R. Constantz, Managing Member

MPWMD

MONTEREY PENINSULA WATER MANAGEMENT
DISTRICT,

Dated: 3-4-15

By: 
David J. Stoldt
MPWMD General Manager