

LEASE AGREEMENT

THIS LEASE AGREEMENT, entered into this 14th day of SEPTEMBER, A.D. 2007

BY AND BETWEEN

WANDENDALE FARMS, INC., a Delaware Corporation at 821 Savannah Road, Lewes DE 19958, (hereinafter referred to as the "Lessor").

AND

TIDEWATER ENVIRONMENTAL SERVES, INC. ("TESI"), a Delaware corporation at 1100 South Little Creek Road, Dover DE 19901, (hereinafter referred to as "Lessee")

1. **LEASED PROPERTY:** Lessor agrees to lease to Lessee several tracts of property, hereinafter referred to collectively as "Property" as more particularly set out in Exhibit "A" attached hereto and made part hereof and as shown on Exhibit "B".
2. **TERM:** The Property shall be leased for a term of forty (40) years beginning on October 1, 2007, and ending on September 30, 2047 TESI has the option to renew for an additional 10 year period based on the terms contained herein. If TESI wishes to exercise this option they shall notify Lessor in writing at least 12 months prior to the expiration of the original 40 year period. If TESI exercises the first ten (10) year option, this Lease shall automatically renew for ten (10) year renewal periods thereafter unless written notice to terminate is given by either party to the other, at least sixty (60) months prior to the beginning of the succeeding renewal lease period. The term "Lease Period" as used herein shall mean the ten (10) year period beginning with the first day of

the first lease period after the first 40 year term and each successive ten (10) year period thereafter during the term of this Lease.

3. **PURPOSE:** The Property may be continuously occupied and used during the term of the Lease by Lessee for the purpose of the collection, treatment, and disposal of treated sanitary wastewater (effluent) on the Property by means of spray irrigation, drip disposal and/or rapid infiltration basins (RIB's), or by such other means of disposal of treated sanitary wastewater (effluent) as Lessee may select in its sole discretion, provided that such other means of disposal of effluent is in accordance with the standards of the State of Delaware. Lessor expressly retains all hunting, fishing, trapping, agricultural, and mineral rights to the Property and Lessee shall have no such rights upon the Property. Specifically, Lessor shall have the right to plant, till, and cultivate suitable crops and to retain the profits from said planting, tilling, and cultivation. Lessor's activities shall not interfere with the collection, treatment and disposal of treated sanitary waste (effluent) on the leased Property, provided Lessee's effluent is treated to the Standards of all applicable State, Federal and Local Laws.
4. **TREATED EFFLUENT PUMPING:** Lessee shall install at its expense pipeline, mains, pumps, irrigation equipment and other apparatus on Lessor's Property for the purposes of collection, treatment and disposal by means of spray irrigation practices as set forth herein. Lessee agrees to install at Lessee's cost an influent flow meter on the main line transmitting raw waste onto the Property and into the treatment plant. Lessor has the right to review and approve the meter location and the approval shall not be unreasonably withheld.

The Lessee agrees to provide Lessor with quarterly reports showing the gallons transmitted through the influent flow meter. Lessee must obtain all necessary Federal, State, and local approvals to allow for pumping up to the Property's boundaries. Lessee agrees to ensure that the wastewater treatment plant will meet and not exceed its permit limitations for treated effluent. Lessee agrees to assume sole responsibility for all maintenance to the Property's irrigation system. Lessor agrees to provide all fertilizer and pH adjustment and related treatments or supplements, as required to maintain the soil and groundwater in accordance with all Standards of the State of Delaware and Sussex County as may be applicable under the circumstances, including nutrient management.

5. **RENT.** For the term of this lease, Lessee shall pay to Lessor rent, calculated as follows.

REDACTED

Private Financial Terms

REDACTED

Private Financial Terms

REDACTED

Private Financial Terms

5. **LATE CHARGES:** Rent paid more than fifteen (15) days after the due date shall be subject to a late charge of Five Percent (5%).

6. **TERMINATION OF LEASE ON TOTAL OR PARTIAL**

CONDEMNATION: If at any time during the term of this Lease, the whole of the Property shall be taken for any public or quasi-public use under any statute or by right of eminent domain, then and in such an event, when possession of the Property shall be taken by the condemning authority, the term hereby granted and all rights of Lessee hereunder shall immediately terminate. In the event of any partial condemnation, Lessee may elect to terminate this Lease or to continue to lease the remaining acreage. In the event Lessee elects to terminate this Lease, the rent shall be apportioned and paid at the time of such termination. Lessee may file such claims against the condemning authority as

are permitted by law for the loss of its leasehold interest, business dislocation damages, moving expenses or other damages caused by such taking or appropriation. In the event Lessee elects to continue to lease the remaining acreage after a partial condemnation, the rent shall be recalculated on a pro rata basis based on the total amount of land remaining after condemnation.

7. **ASSIGNMENT:** Lessee shall not assign, sublet, mortgage or pledge this Lease, nor permit the whole or any part of the premises to be occupied by others without the prior written consent of Lessor. Lessee may enter into cooperative agreements with other private entities or governmental agencies for the collection, treatment and disposal of sanitary waste on the leased Property without consent of the Lessor.

8. **INDEMNIFICATION OF LESSOR BY LESSEE:** Lessee covenants and agrees to indemnify and save harmless Lessor from any and all claims, demands, and losses that (1) arise from Lessee's use and occupancy of the Property or Lessee's performance of, or failure to perform Lessee's obligations under this Lease, including any failure to comply with any pertinent Federal, State or local law, statute, regulation, and/or rule; or (2) are caused wholly or partially by any act, omission, negligence or willful misconduct by Lessee, its agents, employees, contractors, subcontractors, licensees, or invitees; or (3) arise from any environmental conditions or environmental claims.

9. **INDEMNIFICATION OF LESSEE BY LESSOR:** Lessor covenants and agrees to indemnify and save harmless Lessee from any and all claims and

demands for damages to persons or property suffered on account of the faults or omissions of Lessor or anyone acting for or on behalf of Lessor, or arising from the violation of any law or ordinance by Lessor or anyone acting for or on behalf of Lessor, arising out of Lessor's use and occupancy of the Property during the term of this Lease

10. **INSURANCE:** Lessee shall maintain appropriate general liability insurance coverage covering the Property, naming Lessor as an Insured. The coverage limits shall be a minimum of \$500,000.00 for property damage and \$1,000,000.00 per claim and \$3,000,000.00 aggregate for personal injury. Such policy shall also cover Lessee's duty to indemnify Lessor as set forth herein.
11. **ENTRY:** Lessee acknowledges that Lessor or other entities owned by or under contract with Lessor may occupy and use portions of the leased property for agricultural purposes. Such use shall comply with all applicable permits, laws, ordinances, rules, and regulations of any governmental agency with jurisdiction over the leased property and its proposed use. In addition, the Property along with other property owned by Lessor but not subject to this Lease is actively hunted and shall continue to be actively hunted throughout the term of this Lease by Lessor and Lessor's agents, invitees and guests. By executing this Lease, Lessee acknowledges this use of the Property and shall minimize any interference with said use.
12. **POSSESSION:** Possession will be given on the beginning date of this Lease.

13. **TAXES:** Lessor shall be responsible for payment of all property taxes assessed on the Property. Provided however, that any increase in taxes or assessment arising out of Lessee's use and occupancy of the Property shall be paid by Lessee. The parties shall take all reasonable steps necessary to maintain the assessment of the Property under State Farmland Assessment. Any rollback taxes applied to the Property shall be divided evenly between the Lessor and the Lessee.
14. **SEVERABILITY:** In the event any part of this Lease is declared invalid by a court, the remaining portion shall remain in full force and effect
15. **NOTICES:** All notices required or permitted herein must be in writing and may be delivered in person or by mailing to the addresses shown herein or to the address of the Property for Lessee and/or Lessor whichever is applicable, by registered or certified mail, or by overnight delivery service where proof of delivery and date of delivery is provided. Such notices shall be deemed to be delivered as of the date of posting, whether actually received or not.
16. **LESSEE'S RIGHTS AND OBLIGATIONS:** In addition to Lessee's rights as set forth elsewhere herein, Lessee shall have the following rights:
- a To access the Property to allow full use and occupation of the Property for uses permitted hereunder. It is hereby agreed and understood that such entry onto the retained lands shall minimize interference with Lessor's use and occupancy of the retained lands.

b. In addition to Lessee's obligations as set forth elsewhere herein, Lessee shall conduct all treated effluent pumping operations on the Property in accordance with all applicable laws, rules and regulations, and in conformity with accepted practices in the treated effluent pumping industry.

c. Furthermore, Lessee shall utilize the acreage occupied by spray irrigation in accordance with Best Management Practices in the industry to mitigate against adverse impacts upon Lessor's (or Lessor's agricultural tenants') contemporaneous farming operations on the Property. Lessor and Lessee agree to cooperate with one another in this regard.

17. **EVENTS OF DEFAULT - CURE.** Upon any breach by Lessee of any of the terms and provisions hereof, the Lessor may, at its option, serve a notice, in writing upon the Lessee, by Certified Mail, Return Receipt Requested, addressed to Lessee at the foregoing Post Office address thereof, setting forth the nature and extent of any breach by the Lessee of any of the terms and provisions hereof. Upon the receipt of such notice, it shall be the duty of the Lessee, within thirty (30) days thereafter, to correct and repair any such breach by Lessee of any of the terms and provisions hereof. In the event that Lessee shall fail or neglect to correct and repair the same within such period of time, or fails to demonstrate that reasonable steps are being taken to correct or cure such breach which cannot be corrected or cured with such 30 day period, then this Agreement shall become null and void and Lessee shall thereupon vacate and surrender unto Lessor the full and complete possession of all the Property

hereby demised unto the Lessee peacefully and without any further delay whatsoever with no refund of money paid.

18. **ASSIGNMENT; BINDING EFFECT; BENEFITS:** Neither this Agreement nor any right, obligation or liability arising hereunder or by reason hereof shall be assignable by Lessee without the prior written consent of Lessor. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective heirs, successors, assigns, and personal representatives. Nothing expressed or referred to in this Agreement is intended as or shall be construed to give any person other than the parties hereto or their respective heirs, successors, personal representatives and assigns any legal or equitable right, remedy, or claim under or in respect of this Agreement or any provision contained herein, it being the intention of the parties hereto that this Agreement is for the sole and exclusive benefit of such parties or such heirs, successors, personal representatives and assigns and for no other persons.
19. **PURCHASE OFFER:** In the event that Lessor receives a bona fide offer for the purchase of the Property which Lessor wishes to accept, whether solicited by Lessor or presented to Lessor without solicitation, Lessor shall give Lessee notice of such offer by certified mail and the terms thereof. Within thirty (30) days thereafter, Lessee shall notify Lessor whether it wishes to purchase the Property on the same terms offered. In the event that Lessee gives notice that it intends to purchase, settlement on Lessee's purchase shall occur in accordance with the terms of the offer. In the event Lessee elects not to purchase in accordance with such terms, Lessor may convey the Property to such third

person in accordance with such terms free and clear of this right to first refusal, provided, however, that if settlement does not occur on such offer, this right of first refusal shall remain in force and effect. In the event Lessor sells all or a portion of the Property that is the subject hereof, any subsequent purchaser of the Property shall take title thereto subject to the terms and conditions of this Lease.

20. **WAIVER/ AMENDMENT:** Either Lessor or Lessee may, only by written notice to the other, (a) extend the time for the performance of any obligations or other actions of the others under this Agreement; (b) waive any inaccuracies in this Agreement or any document delivered pursuant to this Agreement; (c) waive compliance with any of the conditions or covenants or the others contained in this Agreement; and/or (d) waive or modify performance of any obligations of the other under this Agreement. The waiver by any party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of this same provision or any other provision of this Agreement. This Agreement may not otherwise be amended, modified, rescinded, supplemented orally and no amendment, modification, waiver, rescission or supplementation shall be valid unless in writing and signed by all of the parties to this Agreement.

21. **ENTIRE AGREEMENT:** This Agreement constitutes the entire Agreement between Lessee and Lessor with respect to the subject matter hereof.

22. **REPORTS.** Lessee agrees to simultaneously provide Lessor with copies of all reports or other documentation given to or received from DNREC or any other State, Federal or local agency concerning uses under this Lease, as requested by the Lessor. Such documentation shall include, but not be limited to, soils tests and reports, effluent pumping and treatment volumes, violations, notices and gallons registered on the influent meter described in Section 4 herein.
23. **LAW GOVERNING:** This agreement shall be subject to the laws of the State of Delaware and to all other applicable permits, laws, ordinances, rules, and regulations of any other governmental agency with jurisdiction over the leased property and its proposed use.
24. **HEADINGS:** The headings of the paragraphs are for convenience only and are not part of this Agreement
25. **NO CONCLUSION AS TO DRAFTER:** This Agreement is the product of the parties hereto and no conclusion shall be drawn as to its drafter in the event of any dispute.
26. **SCREENING.** All wastewater plant, treatment and disposal areas (but not including spray irrigation pivot rigs) and outside storage areas shall be screened from view of Lessor's properties that are not the subject of this Lease and all neighboring and adjacent properties. The screening shall consist of trees and/or other vegetation suitable to Lessor to accomplish a visual screen. In addition, all structures shall have an agricultural appearance and all RIBS and lagoons shall maintain as close to a natural appearance as practically possible.

27. **COUNTERPARTS:** The parties may execute this Agreement in counterparts and each counterpart shall be deemed an original.
28. **WAIVER OF JURY TRIAL:** The parties to this Agreement agree to waive their rights to demand a jury trial in any action which may be brought to enforce any portion of this Agreement.
29. **CONNECTIONS.** Lessee shall waive connection fees for up to 10 dwellings to Lessee's wastewater treatment system for Lessor. This obligation shall be limited to dwellings that exist or may be constructed on property owned by Lessor at the time of execution of this Lease, including lands not identified as Property on Exhibit A attached hereto. The dwellings must be within two hundred feet of infrastructure to serve them. For example, if the home is 1,000 feet from a collection line, TESI will waive the connection fee, but Lessor must install infrastructure to get to TESI's infrastructure. This paragraph is subject to the PSC approving a CPCN for the properties.
30. **SUBORDINATION OF LEASE:** This Lease shall be subject and subordinate to any mortgage that is now on or affects the Property or that any owner of the Property may hereafter at any time elect to place on the Property, and to all advances already made or that may be hereafter made on account of any such mortgage, to the full extent of the principal sums secured thereby and interest thereon. Further, Lessee shall on request hereafter execute any paper or papers that Lessor's counsel may deem necessary to accomplish such subordination of

Lessee's interests in this Lease, in default of which Lessor is hereby appointed as Lessee's attorney-in-fact.

31. **CONTINGENCIES.** This Lease shall be contingent upon Lessee obtaining all necessary State and County approvals. Notwithstanding this contingency, Lessee shall be obligated to pay all rent due hereunder while seeking all necessary approvals. In the event Lessee is unable to obtain the necessary approvals to operate the uses permitted hereunder, Lessee shall have the option of declaring this Lease null and void; any and all rents paid to Lessor prior thereto shall be deemed nonrefundable and shall not be prorated. Lessor agrees to execute and deliver any consents, documents or other assurances necessary to acquire the necessary, permits, approvals, etc., required to for the purposes intended by this Agreement.
32. **ROADS.** All roads providing access to the Property, excepting those roads that only provide access to retained lands, shall be maintained by Lessee at Lessee's sole cost and expense. Lessor makes no representation that the said roads are suitable for Lessee's intended use. Lessee may only establish new roads with Lessor's prior written consent which shall not be unreasonably withheld.
33. **TIMBER:** Lessee shall not clearcut any timber on the Property without Lessor's prior written consent. Any tree or vegetation removal shall be selective and shall result in the minimum amount of removal necessary. Examples of permitted cutting would be to eliminate limited tree or vegetation

interference with the operation of center pivot spray irrigation equipment or to install lines for irrigation within existing and maintained forested areas.

34. **CHEMICALS.** Lessee shall provide Lessor with a list, which shall be updated from time to time to maintain its accuracy, of all chemicals in use on the Property and shall maintain and store said chemicals in accordance with all applicable State, Federal and Local requirements.

[The remainder of this page was left blank intentionally.]

IN WITNESS WHEREOF, each party, intending to be legally bound, has caused this Agreement to be executed by the undersigned, each of whom represents and warrants that they are authorized to execute this Agreement as of the date written above.

LESSOR:
Wandendale Farms, Inc.
A Delaware Corporation

By: *Russell S. Marsh*
President

Attest: *[Signature]*
Secretary

LESSEE:
Tidewater Environmental Services, Inc.
A Delaware Corporation

By: *[Signature]*
President

Attest: *Bruce E. Patrick*
Assistant Secretary

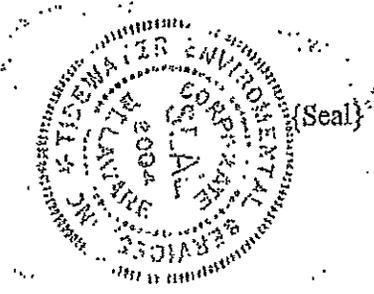
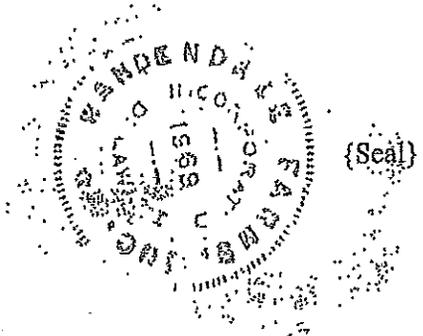


Exhibit "A"

Leased Property

Handwritten signatures and initials in the top right corner, including a large signature that appears to be 'J. Bell' and another signature below it that appears to be 'J. M.'.

All those certain tracts, pieces or parcels of land lying and being in Indian River Hundred, Sussex County, Delaware, identified on the Tax Maps of the Sussex County Department of Finance, as follows:

- 1 Tax District 234, Map 11.00, Parcel 50.00 (153.88 acres)
2. Tax District 234, Map 7.00, Parcel 130.00 (96.67 acres)
3. Tax District 234, Map 11.00, Parcel 48.00 (48.53 acres)
4. Tax District 234, Map 7.00, Parcel 127.00 (30.50 acres)
5. Tax District 234, Map, 6.00, Parcel 82.00 (15.50 acres)



Note:
 The Landbase Information shown hereon has been compiled from available data from the State Of Delaware, Sussex County, and field work performed by Atlantic Resource Management, Inc. The actual boundaries of features can only be determined by an appropriate survey

Handwritten signatures and initials:
 W. E. B. W.
 K. M. M.

LEGEND

RETAINED AREAS	
AVOID AREAS	
MARSH PROPERTIES	

TIDEWATER
 ENVIRONMENTAL
 SERVICES, INC.
 1100 SOUTH LITTLE CREEK ROAD
 DOVER, DELAWARE 19901

EXHIBIT "B"