

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Agreement"), made the 29 day of November, 2010, by and between **TENNESSEE GAS PIPELINE COMPANY**, a corporation of the State of Delaware, having its office at 1001 Louisiana Street, Houston, Texas 77002, hereinafter referred to as "Tennessee" or "Lessee" and **STATE OF NEW JERSEY, DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF PARKS AND FORESTRY and DIVISION OF FISH AND WILDLIFE**, with an address of 501 East State Street, Mail Code 501-4, P.O. Box 420, Trenton, New Jersey, 08625-0420, hereinafter referred to as "Department" or "Lessor."

WHEREAS, Lessee is an interstate pipeline company that is subject to Federal Energy Regulatory Commission ("FERC") jurisdiction pursuant to the Natural Gas Act, and is also subject to the jurisdiction of the Federal Department of Transportation ("DOT") pursuant to the Natural Gas Pipeline Safety Act of 1968; and

WHEREAS, under Opinion No. 279 adopted on December 28, 1954 under Docket G-2331 by the Federal Power Commission, the predecessor to the Federal Energy Regulatory Commission ("FERC"), Lessee was authorized to construct a twenty-four (24) inch pipeline in New Jersey, a portion of which pipeline traverses lands now owned by the Department;

WHEREAS, Lessee applied to the FERC on July 17, 2009 under Docket Nos. CP09-444-000 for a certificate of public convenience and necessity authorizing construction, installation, modification, replacement, and operation of certain facilities, including a thirty (30) inch outside diameter underground loop pipeline facility (hereinafter the "325 Loop Segment") to be connected to the existing twenty-four (24) inch pipeline and within and/or adjacent to the existing right-of-way for the twenty-four (24) inch pipeline, which application was approved by the FERC on May 14, 2010;

WHEREAS, a portion of the 325 Loop Segment will traverse State property;

WHEREAS, Lessee desires to lease a 16.432-acre portion of State property identified as Block 190, Lots 18.S01, 18.S02 and 20 and Block 210, Lots 5 and 6 in the Township of Vernon, Sussex County, New Jersey, portion of Block 17401, Lot 1, portion of Block 17302, Lots 7 and 8 (Lot 8 now part of Lot 7 per tax maps), Block 6002, Lots 33 and 38, and Block 4601, Lot 8 in the Township of West Milford, Passaic County, New Jersey, more particularly depicted on **Exhibit A** attached hereto and made a part hereof (hereinafter the "Leased Premises"), **Exhibit A** consisting of plans entitled Partial Boundary Survey for 300 Line Project Hamburg Mountain Wildlife Management Tax Parcels 190-18.S01, 190-18.S02 & 190-20 dated 12/22/09 revised 3/11/10 Sheet 1 of 1 prepared by RETTEW Associates Inc., Partial Boundary Survey for 300 Line Project Long Pond/Iron Works Tax Parcels 6002-33, 6002-38, 4601-08, 301-01 dated 12/11/09 revised 3/11/10 Sheets 1 and 2 prepared by RETTEW Associates Inc., and Partial Boundary Survey for 300 Line Project Wawayanda State Park Tax parcels 210-05, 210-06, 17401-01, 17302-07 & 17302-08 dated 12/23/09 revised 3/10/10 Sheets 1-3 prepared by RETTEW Associates Inc.;

WHEREAS, the Leased Premises consist of portions of Long Pond Ironworks State Park, Wawayanda State Park and Hamburg Mountain Wildlife Management Area;

WHEREAS, an approximately 16.039-acre portion of the Leased Premises shall be maintained as right-of-way for the 325 Loop Segment and an approximately 0.393 acre portion of the Leased Premises shall be maintained as an access road to the right-of-way from Burnt Meadow Road (Access Road no. 6);

WHEREAS, Lessee and Lessor intend to enter into a separate Right of Entry Agreement to provide Lessee with temporary access to lands adjacent to the Leased Premises to be utilized

by Lessee as temporary right-of-way and temporary access roads in connection with construction activities associated with the 325 Loop Segment;

WHEREAS, Lessee desires to utilize the Leased Premises for the purpose of construction, installation, modification, replacement and operation of a portion of the 325 Loop Segment for a term of twenty-four (24) years; and

WHEREAS, Lessor has determined that this Agreement, for the purposes and subject to the terms and conditions herein provided: (i) is consistent with Lessor's authority to administer the Leased Premises in accordance with any and all applicable laws, rules; and regulations, including without limitation the State Park and Forestry Resources Act set forth at N.J.S.A. 13:1L-1 et seq., the Garden State Preservation Trust Act, specifically N.J.S.A. 13:8C-31, and the Ogden-Rooney Act set forth at N.J.S.A. 13:1D-51 et seq.; (ii) is consistent with Lessor's reasonably anticipated plans for the development, management, and operation of the Leased Premises; and (iii) will serve the best interest of and be beneficial to the State of New Jersey and the public.

NOW THEREFORE, in consideration of the payments and privileges herein named, and the payment of rent to be made by Lessee as hereinbelow provided, and the mutual covenants hereinafter made, the parties hereto agree as follows:

1. **RECITALS:** The "whereas" clauses stated above are incorporated herein by reference.

2. **GRANT OF LEASE:** In accordance with N.J.S.A. 13:1L-1 et seq., Lessor does hereby grant to Lessee and Lessee does hereby accept a lease for surface, sub-surface and aerial rights to construct, install, modify, operate and maintain the 325 Loop Segment and all related equipment and appurtenances thereto for the transportation of natural gas under, over and across

an approximately 16.432-acre portion of State property owned by the State of New Jersey and hereinbefore defined as the Leased Premises, more particularly depicted on **Exhibit A** attached hereto and made a part hereof. The Leased Premises may be modified or reconfigured based on input from or at the request of the New Jersey Department of Environmental Protection ("NJDEP"), or any other department or agency with regulatory authority over Grantee, and as approved by the FERC and NJDEP as necessary, but in no circumstances shall such modification or reconfiguration result in the Leased Premises exceeding 16.432-acres. The Leased Premises may be modified in accordance with the preceding sentence without further approval of the State House Commission. Notwithstanding any provision of this Agreement to the contrary, the Leased Premises shall exclude the aforesaid 325 Loop Segment and its appurtenances, which shall be owned and remain the property of Lessee.

3. **TERM AND EFFECTIVE DATE:** This Agreement shall be in effect for a period of twenty-four (24) lease years (the "Term"), commencing on the date that this Agreement is duly executed by Lessor.

4. **RENEWAL:** At least 12 months prior to the expiration of the 24-year term, Lessee may seek the approval of the Department for a renewal of this Agreement for a term of twenty-four (24) years, or some longer or shorter period of time agreed upon by the parties under such statutes and regulations as are in effect at the time the extension is requested (hereinafter "Extension Request"). Should the Department's review and approval of any Extension Request extend past the expiration date of the 24-year term of this Agreement, the Department may, in its sole discretion and subject to the statutes and regulations in effect at the time of the request, allow the Agreement to remain effective pending a final decision by the Department on the Extension Request. The Department may also, in its sole discretion and subject to the statutes

and regulations in effect at the time of the request, allow the Agreement to remain effective pending Lessee's completion of restoration of the 325 Loop Segment ROW and Access Areas in accordance with any applicable requirements of FERC. The Extension Request shall be in writing and shall include confirmation that: (i) the 325 Loop Segment continues to be operated and maintained pursuant to a FERC certificate of public convenience and necessity; (ii) the 325 Loop Segment remains subject to the FERC's jurisdiction, or its successor agency, and continues to be dedicated to interstate commerce pursuant to the provisions of the Natural Gas Act or its successor legislation; (iii) the FERC has not issued an Order authorizing abandonment of the 325 Loop Segment; and (iv) the 325 Loop Segment is subject to the United States Department of Transportation jurisdiction, or its successor agency. Notwithstanding this confirmation, the Lessor shall have the right to consider other factors in determining whether to renew the Agreement. Except for the Rent provision set forth in Paragraph 5 below, renewal of this Agreement shall be upon the same terms and provisions as set forth herein, as may be modified by the parties in the manner set forth herein.

5. **RENT:** Within thirty (30) days of Lessee's receipt of this Agreement duly executed by both parties, Lessee shall pay Lessor the sum of one hundred thousand eighty thousand (\$180,000.00) dollars, which Lessor agrees is a full and adequate one-time, lump sum payment of rent for each and every year of the entire twenty-four (24) year term of this Agreement. No further rent is due hereunder.

- a. If the Leased Premises is modified in accordance with this Agreement during the first five (5) years from the Effective Date of this Agreement, Tennessee shall pay the Department the value of the increased acreage, which shall be calculated on a per-acre basis using the per-acre value of

the Access Areas established in the February 15, 2010 Appraisal Report prepared by Sterling DiSanto & Associates, as amended by the March 22, 2010 Addendum to Appraisal of Real Estate, previously reviewed and approved by NJDEP, multiplied by a factor of four.

b. If the Leased Premises is modified five (5) or more years after the Effective Date of this Agreement, Tennessee shall pay the Department the value of the increased acreage, which shall be calculated on a per-acre basis as follows:

- i The increased acreage shall be appraised on a per-acre basis utilizing the appraisal methodology established in the February 15, 2010 Appraisal Report prepared by Sterling DiSanto & Associates, as amended by the March 22, 2010 Addendum to Appraisal of Real Estate, previously reviewed and approved by NJDEP, multiplied by a factor of four; or
- ii If at the time of appraisal of the increased acreage the Department has adopted a policy or regulations establishing written valuation methodology for the valuation of State-owned lands that differs from the appraisal methodology established in the February 15, 2010 Appraisal Report prepared by Sterling DiSanto & Associates, as amended by the March 22, 2010 Addendum to Appraisal of Real Estate (hereinafter "New Valuation Methodology"), then the increased acreage shall be valued on a per-acre basis utilizing the New Valuation

Methodology effective at the time of said valuation of the increased acreage.

6. **PURPOSE:** Lessee shall use and occupy the Leased Premises exclusively for the purpose of the necessary operation, laying, constructing, operating, maintaining, altering, repairing, changing the site of, replacing, and/or removing the 325 Loop Segment and all related equipment and appurtenances thereto for the transportation of natural gas under, over, and across the Leased Premises. Lessee shall have all rights and benefits necessary or convenient for the full enjoyment or use of the rights herein granted, including, but without limitation, the free rights of ingress and egress over and across the Leased Premises and the right to all subsurface lateral support on Lessor's lands adjacent to the Leased Premises. Vehicular access to the Leased Premises across Lessor's lands shall be by way of existing roads or those roadways identified as "Access Roads" under the Right of Entry Agreement to be executed by the Parties simultaneously with this Agreement and identified as Access Road No. 6 under this Agreement and on **Exhibit A**, unless otherwise approved by the Lessor in writing in advance of the access. With the exception of Access Road No. 6 which is identified on Exhibit A and which is a part of this Agreement, the terms and conditions of use of the "Access Roads" shall not be made a part of this Agreement and instead are governed by said Right of Entry Agreement.

Lessee shall have the right, without any additional cost to Lessee, or any liability to Lessor, consistent with the Construction Work Plan attached hereto as **Exhibit C** and incorporated herein; and, consistent with an approved No Net Loss Reforestation Plan to cut and remove all trees, including trees considered as a growing crop, all undergrowth, and any other obstructions in or over the Leased Premises that may injure, endanger, or interfere with the

construction and use of the 325 Loop Segment. Lessor shall not plant any trees, shrubs, or bushes, including trees considered as a growing crop, within the Leased Premises.

Lessee shall obtain, maintain and comply with all applicable licenses, permits and approvals required by the appropriate federal, State and local authorities for the use of the Leased Premises in accordance with this Agreement.

Lessee shall, at its sole cost and expense, comply and shall cause the Leased Premises to comply with all duly promulgated and applicable federal, State and local laws, ordinances, rules and orders affecting the Leased Premises, or any part thereof, or the use thereof.

7. **MAINTENANCE, REPAIR, IMPROVEMENTS AND UTILITIES:** Lessee shall be responsible for the maintenance of the Leased Premises. Lessee, at its own cost and expense, shall maintain, renew, revise, repair and operate the 325 Loop Segment and all related equipment and appurtenances on, above, and below the Leased Premises in good order and condition and in accordance with all applicable federal, State, and local requirements, and so as not interfere with the recreational use of lands adjacent to the Leased Premises and their environs or otherwise impair, pollute, or prevent the safe use of lands adjacent to the Leased Premises. Lessee's obligation to keep and maintain the 325 Loop Segment under this Paragraph shall be completely satisfied and fulfilled if Lessee keeps and maintains the Leased Premises and related equipment and appurtenances in compliance with the rules and regulations of the FERC, the United States Department of Transportation, and any other federal department or agency with regulatory authority over Lessee and its activities.

Lessee shall provide reasonable advance notice to Lessor of any planned maintenance that will result in the physical change of the natural condition of the Leased

Premises. Lessee shall notify Lessor of any emergency maintenance that results in the physical change of the natural condition of the Leased Premises within a reasonable period of time after said emergency maintenance is performed.

Lessee shall be permitted to implement any restoration, preservation, renovation, or improvement project associated with the 325 Loop Segment (collectively "Improvement(s)") on the Leased Premises that are consistent with the purpose of this Agreement as set forth in Paragraph 6 hereof; and the Construction Work Plan attached hereto, and that comply with the rules and regulations of the FERC, the United States Department of Transportation, and any other federal department or agency with regulatory authority over Lessee and its activities. Before commencing any such Improvement that is not within the Construction Work Plan, or within a reasonable period of time thereafter, Lessee shall provide Lessor with an amended Construction Work Plan for the proposed Improvement. The amended Construction Work Plan shall include but not be limited to a description of each Improvement and a schedule for initiation and completion of each Improvement. Notwithstanding any provision of this Agreement to the contrary, Lessee may proceed with any Improvement without submission of an amended Construction Work Plan to Lessor in the event of an emergency where lives or property might be in danger. Upon completion of any Improvement, Lessee shall deliver to Lessor one complete set of plain view reproducible "as-built" or record drawings of the Improvement.

Lessee shall not be permitted to implement any Improvements that are not consistent with the purpose of this Agreement as set forth in Paragraph 6 hereof; or the attached Construction Work Plan, as may be amended, and/or that do not comply with the rules and regulations of the FERC, the United States Department of Transportation and/or any other federal or State department or agency with regulatory authority over Lessee and its activities

(hereinafter "Alternate Improvement") without obtaining Lessor's express written approval of said Alternate Improvement.. Lessee shall submit an amended Construction Work Plan to Lessor. Lessor's approval of an amended Construction Work Plan Alternate Improvement plans shall not be arbitrarily, capriciously or unreasonably withheld, conditioned or delayed. Any Alternate Improvement that is not approved by Lessor shall be removed by Lessee on Lessor's demand and Lessee shall, at Lessee's sole cost and expense, repair any damage to the Leased Premises caused by Lessee's construction and/or removal of any such Improvement.

Lessee shall, at Lessee's sole cost and expense, repair any damage to the Leased Premises caused by the Lessee's construction.

Lessee shall, at its sole cost and expense, install, maintain, repair, and replace all necessary utility systems and pay for the cost of all necessary utility service including water, gas, heat, telephone, electricity, sewer, and other utility and communications services as may be rendered or used on or about the Leased Premises or improvements thereon.

8. **RESTORATION:** Upon expiration or termination of this Agreement or any renewal of same, Lessee shall put the Leased Premises in at least as good condition as it was delivered at the commencement of the Term. Lessor shall not be required to maintain or repair the Leased Premises, except that Lessor shall maintain, upkeep and repair any structures and improvements within the Leased Premises that are not related to the 325 Loop Segment and that are existing as of the effective date of this Agreement. Lessor shall not construct, erect, or otherwise install any structures or other improvements within the Leased Premises on or after the effective date of this Agreement without the written consent of Lessee.

9. **ACCESS TO LEASED PREMISES:** Lessor and/or an authorized representative of Lessor shall have the right to enter upon the Leased Premises and evaluate Lessee's operation

thereof and take such action as Lessor is authorized to take by this Lease to assure compliance by Lessee with the terms and conditions of this Lease. Lessor shall exercise its rights under this Paragraph in such manner so as not to damage Lessee's property or unreasonably interfere with Lessee's use and occupancy, and so as not to interfere with Lessee's compliance with any rules, requirements, or regulations of any other government agency. Further, this Lease shall generally not limit the public's access to the Leased Premises. Lessee shall be permitted to place reasonable restrictions on the public's access to the Leased Premises when such restrictions are necessary and proper under the circumstances to ensure public safety during the conduct of improvement, maintenance, repair and/or utility activities on the Leases Premises.

10. **TERMINATION:** Lessee reserves the right to terminate this Agreement, for any reason, upon written notice of not less than ninety (90) days. Each Party reserves the right to terminate this Agreement for any material default of the other Party's obligations under this Agreement upon written notice to such Party of not less than ninety (90) days ("Notice Period"), which notice shall include a statement specifying the alleged material default. The Party receiving the termination notice may within the Notice Period diligently prosecute the curing of any alleged material default, in which case this Agreement shall not terminate. If the Party receiving the termination notice objects in writing to any alleged material default within the Notice Period, the Parties agree to engage in good faith negotiations to resolve the dispute. If the Parties are unable through such good faith negotiations to resolve the dispute, then this Agreement shall terminate at the end of the Notice Period. Upon termination of the Agreement for any reason, Lessee shall, unless otherwise agreed upon by the Lessor in writing, remove within ninety (90) days, or some other longer period of time agreed upon by the parties, all items installed and covered under the terms of this Agreement.

11. **INDEMNIFICATION:** Lessee will indemnify the Lessor and any of its departments, divisions, councils, bureaus, or other agencies or subdivisions, as the case may be, for any damage to the Leased Premises arising through the installation, operation, maintenance, or removal of the 325 Loop Segment on the Leased Premises whether or not the damage is caused by the negligence of Lessee or its servants or contractors. Lessee shall and will save and keep harmless and indemnify the Lessor and any of its departments, divisions, councils, bureaus, or other agencies or subdivisions, as the case may be, against any claim, liability, or loss for personal injury, property damage or workers' compensation, or any other type of claim wheresoever cognizable, arising through the construction, operation, maintenance or removal of the 325 Loop Segment on the Leased Premises whether or not the damage is caused by negligence of Lessee or by its servants, or contractors, or otherwise, but not including any and all liability, claims or loss that arise out of, be occasioned by, or result from the sole negligence of the Lessor.

12. **INSURANCE**

A. Lessee shall, at its sole cost and expense, obtain and maintain at all times during the Term of this Lease insurance coverage of the types and in at least the minimum amounts hereinafter provided:

(i) comprehensive general liability insurance as broad as the standard coverage form currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage including product liability, protection and indemnity, Lessee owned or operated motor vehicles broad form contractual liability, and broad form property damage endorsements against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises or in any manner growing out of or connected with any Activity

on the Leased Premises conducted by Lessee, its agents, employees, volunteers, contractors and/or invitees express or implied. Limits of liability shall not be less than One Million (\$1,000,000) Dollars per occurrence as a combined single limit for bodily injury liability and for property damage liability combined single limit;

(ii) workers' compensation and employers' liability insurance applicable to the Laws of the State of New Jersey; and

All insurance coverage required to be maintained by Lessee in accordance with this Lease shall be issued by insurance companies authorized and approved to conduct business in the State of New Jersey and shall name the State of New Jersey. Alternatively, Lessee may completely satisfy all requirements of this Paragraph, both for itself and its subcontractors and agents, through its own program of self-insurance, as long as coverage amounts and risks covered are in accordance herewith. Notwithstanding the source of coverage chosen by Lessee, all insurance coverage required to be maintained by Lessee shall name the State of New Jersey, Department of Environmental Protection, as an additional insured.

B. Prior to commencement of any activities on the Leased Premises related to the 325 Loop Segment, Lessee shall provide Lessor with a certificate of insurance evidencing that Lessee has obtained all insurance coverage in accordance with this Lease. The certificate of insurance shall provide for thirty (30) days notice, in writing, to Lessor prior to any cancellations, expiration, or non-renewal during the term the insurance is required to be maintained in accordance with this Lease. Lessee shall also provide Lessor with valid certificates of renewal of the insurance (or an updated certificate of self-insurance) upon the expiration of the coverages or certificates so that Lessor is continuously in possession of current documentation that Lessee has obtained and is maintaining in full force and effect all insurance

required under this paragraph. Lessee shall also, upon request, provide Lessor with copies of the underlying policy for each coverage required under this Lease certified by the agency or underwriter to be true copies of same. Lessee shall not allow any contractor or subcontractor to engage in any activity on the Leased Premises without first submitting to Lessor a current certificate of insurance showing that the contractor or subcontractor is covered under Lessee's insurance or by Lessee's self-insurance. Lessee shall deliver the certificates to Lessor's address in Paragraph 15 of this Lease.

C. Any insurance protection required by this Lease shall in no way be interpreted to modify, limit or reduce the indemnification herein made by Lessee to Lessor or to limit Lessee's liability hereunder to the proceeds of, or premiums due upon, the policies of insurance required to be maintained by Lessee under this Lease nor shall insurance requirements preclude Lessor from taking such other actions as are available to it under any provisions of this Lease or otherwise at law or in equity.

D. The limits of the insurance described herein shall be reviewed by Lessor and Lessee every two (2) years and Lessee shall increase the limits of said insurance to meet changed circumstances including, but not limited to, changes in the purchasing power of the dollar as measured by the changes in the United States Consumer Price Index and changes indicated by the course of plaintiff's verdicts in personal injury actions.

13. **ASSIGNMENT:** The rights hereby conferred upon Lessee shall not be assigned or transferred by it without Lessor's prior written approval. In the event Lessee merges, is acquired by another company, reorganizes, or changes its name or its corporate structure, the necessity of Lessor's consent to a sublet or assignment shall not apply, and Lessee shall not be constrained in any way by this Agreement from engaging in such activities or transactions.

14. **SUPERSEDES; ENTIRE AGREEMENT; AMENDMENTS:** This Agreement: (i) supersedes and cancels any and all prior leases and agreements between Lessor and Lessee covering the Leased Premises, except that this provision shall not apply to, and nothing in this Agreement shall supercede or otherwise cancel any and all leases, easements, right-of-way agreements, or other agreements or instruments relating to Lessee's existing twenty-four (24) inch pipeline in New Jersey, including but not limited to the lease agreement between the Lessee and Lessor dated June 10, 2008, recorded with the Sussex County Clerk's office at Deed Book 3218, Page 890 for the portion of the Lessee's twenty-four (24) inch pipeline located in High Point State Park, a Road Grant dated March 11, 1955, recorded with the Sussex County Clerk's office at Deed Book 562, Page 379, and a Right of Way Agreement dated January 12, 2001, recorded with the Sussex County Clerk's office at Deed Book D-2539, Page 233; (ii) shall be binding upon and insure to the benefit of the successors and permitted assigns of Lessor and Lessee; (iii) represents the entire agreement between the parties with all negotiations, oral agreements and understandings merged herein; and (iv) may be amended, supplemented, changed, modified, or altered only upon mutual agreement of the parties hereto in writing.

15. **NOTICES:** All submissions, approvals, and notices which may be required under this Agreement shall be in writing and shall be delivered: (i) personally; (ii) by Certified or Registered Mail, Return Receipt Requested; or (iii) by overnight delivery by a nationally recognized courier, to:

TO LESSOR: Department of Environmental Protection
 Division of Parks and Forestry
 501 East State Street
 Mail Code 501-4
 P. O. Box 420
 Trenton, New Jersey 08625-0420

Copy: Department of Environmental Protection
Office Of Leases
501 East State Street
Mail Code 501-3A
P. O. Box 420
Trenton, New Jersey 08625-0420

TO LESSEE: Tennessee Gas Pipeline Company
1001 Louisiana Street
Houston, Texas 77002
Attn: Outreach, Land and Environmental Department

The parties may, by notice given in the same manner set forth above, designate a different address to which subsequent notices shall be sent. Notice shall be deemed given as follows: (i) when received if delivered personally; (ii) when received or three (3) days after mailing, whichever occurs sooner, if sent by Certified or Registered Mail, Return Receipt Requested; (iii) the day after mailing, if sent by overnight delivery; or (iv) if transmitted by facsimile, upon receipt, provided receipt occurs before 5:00 p.m. on a business day in the jurisdiction of the recipient.

16. **WAIVER:** Failure of either party to complain of any act or omission on the part of the other party, no matter how long same may continue, shall not be deemed a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied of breach of any provision of this Agreement shall be deemed a waiver of breach of any other provision or a consent to any subsequent breach of the same or any other provision. The consent to or approval of any action on any one occasion by either party hereto shall not be deemed a consent to or approval of any other action on the same or any subsequent occasion. Acceptance by either party of any of the benefits of this Agreement with knowledge of any breach thereof by the other party shall not be deemed a waiver by the party receiving the benefit of any rights or remedies to which it is entitled hereunder or by law.

17. **GOVERNING LAW:** This Agreement shall be governed by and interpreted in accordance with the Laws of the State of New Jersey.

18. **SOLICITATION:** Lessee warrants that no person has been employed directly or indirectly to solicit or secure this Agreement in violation of N.J.S.A. 52:34-15 and that N.J.S.A. 52:34-19, as it relates to the procurement and performance of this Agreement, has not been violated by any conduct of Lessee, including the paying or giving directly or indirectly of any fee, commission, compensation, gift, gratuity, or consideration of any kind to any State employee, officer, or official.

19. **CREATION OF LIENS OR ENCUMBRANCES BY LESSEE**

A. Lessee shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the interest of Lessor in the Leased Premises. If Lessee should cause any alterations, rebuilding, replacements, changes, additions, improvements or repairs to be made to the Leased Premises or the buildings thereon or labor performed or material furnished therein, thereon or thereto, neither Lessor nor the Leased Premises shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished, but all such alterations, rebuilding, replacements, changes, additions, improvements, repairs, labor and material shall be made, furnished and performed at Lessee's expense and Lessee shall be solely and wholly responsible to the contractors, laborers and materialmen furnishing and performing such labor and material.

B. If any mechanic's or other lien, charge or order for the payment of money shall be filed against the Leased Premises or against Lessor (whether or not such lien, charge or order is valid or enforceable as such), Lessee shall, at its own cost and expense, cause the same to be

canceled and discharged of record within ten (10) days after notice from Landlord of the filing thereof, and Lessee shall indemnify and save harmless Lessor against and from all costs, expenses, claims and demands, including reasonable counsel fees resulting therefrom.

C. Lessee shall, upon completion of any improvements, provide Lessor with a signed copy of any and all liens indicating that all contractors have been paid and all liens have been discharged.

20. **NO DISCRIMINATION:** Lessee shall comply, in the performance of this Agreement, with all applicable federal, State, and local statutes, rules, and regulations relating to discrimination and affirmative action provisions, including but not limited to N.J.S.A. 10:2-1, the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq., and Title IV of the Civil Rights Act of 1984 (P.L. 88-352). Lessee shall not discriminate on the basis of age, national origin, race, creed, color, sex, sexual preference, or residence in the use of the Leased Premises by the public.

21. **INDEPENDENT PRINCIPAL:** Lessee acknowledges and accepts that it is an independent principal and is not undertaking any activities under this Agreement on behalf of Lessor and that it has no relationship with Lessor in connection with this Agreement as Lessor's agent, servant, or employee. Lessee agrees not to enter into any agreement or commitment on Lessor's behalf.

22. **BANKRUPTCY:** If during the Term of this Agreement, Lessee shall make any assignment for the benefit of creditors, be decreed insolvent or bankrupt, admit in writing Lessee's inability to pay its debts, or if a receiver be appointed for Lessee, and such act by Lessee impairs Lessee's ability to perform its obligations under this Agreement, then Lessor may, at Lessor's option, terminate this Agreement by serving a notice thereof upon the assignee,

receiver, trustee or person in charge of Lessee's affairs. Such termination shall not release or discharge any payment of liability then accrued and owing to Lessor.

23. **NO THIRD PARTY BENEFICIARIES:** There shall be no third party beneficiaries of this Agreement, and no person, firm or entity not a party to this Agreement shall be entitled to claim any right, benefit or presumption from, or estoppel by this Agreement.

24. **PEACEFUL ENJOYMENT:** Lessor agrees that Lessee, in performing the covenants contained herein, shall peaceably and quietly have, hold and enjoy possession and use of the Leased Premises for the Term.

25. **NEGOTIATED DOCUMENT:** Each and every provision of this Agreement has been independently, separately and freely negotiated by the parties as if this Agreement were drafted by all parties hereto. The parties therefore waive any statutory or common law presumption which would serve to have this document construed in favor of or against any party as the drafter hereof.

26. **HEADINGS:** The headings in this Agreement are for convenience and reference only and shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of this Agreement.

27. **SEVERABILITY:** If any provision of this Agreement or the application thereof shall to any extent be invalid or unenforceable, the remaining provisions shall not be affected, and each provision shall be valid and enforceable to the extent permitted by law.

28. **PREVAILING WAGE ACT:** Without limiting the scope of any other provision of this Lease, Lessee agrees to comply with the New Jersey Prevailing Wage Act, P.L. 1963, Chapter 150. Lessee also agrees to comply with 42 U.S.C., Section 9604 (g)(1). If any conflict

exists between the New Jersey Prevailing Wage Law and Section 9604 (g)(1), the federal requirements must be complied with.

29. **RESOLUTION:** The person signing this Agreement on behalf of Lessee has the requisite authority to do so pursuant to a Certificate of Incumbency executed by Tennessee Gas Pipeline Company dated October 15, 2010, a copy of which is attached to this Agreement as **Exhibit B**. The Certificate of Incumbency authorizes Farrah C. Lowe, Director, Outreach, Land and Environmental, to execute this Agreement on behalf of Lessee without corporate seal and without attestation.

30. **STATE HOUSE COMMISSION:** This Agreement shall not be effective unless Lessor obtains from the State House Commission evidence that the State House Commission has approved the execution of this Agreement for the purposes and subject to the terms and conditions herein provided.

31. **ATTACHMENTS:** The following are attached to and made a part of this Agreement:

Exhibit A – Plans

Exhibit B – Certificate of Incumbency

Exhibit C – Construction Work Plan

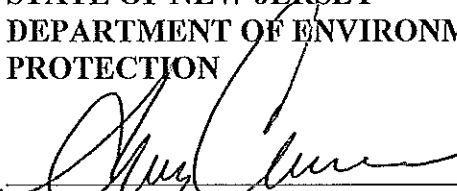
IN WITNESS WHEREOF, the said parties have duly executed this Agreement in duplicate the day and year first obtain written.

Attest:

**STATE OF NEW JERSEY
DEPARTMENT OF ENVIRONMENTAL
PROTECTION**

Donna Mahon

By:


Amy Cradic, Assistant Commissioner
Natural and Historic Resources

Date:


11/29/10

Attest:

TENNESSEE GAS PIPELINE COMPANY

Jessie Lynn Hille

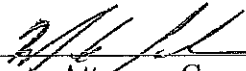
By:


Farrah C. Lowe, Director,
Outreach, Land and Environmental Department

Date:

11/22/2010

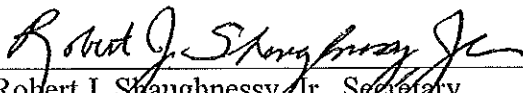
THIS AGREEMENT HAS BEEN REVIEWED
AND APPROVED AS TO FORM BY:
PAULA T. DOW
ATTORNEY GENERAL
STATE OF NEW JERSEY

By: 
Deputy Attorney General

Date: 11/24/10

I hereby certify that the terms and conditions hereof were approved on July 15,
2010 by the State House Commission.

Date: 12/6/10

By: 
Robert J. Shaughnessy, Jr., Secretary
State House Commission

::ODMA\PCDOCS\GHCDPCS\756857\3

EXHIBIT A

PLANS

EXHIBIT B

CERTIFICATE OF INCUMBENCY

TENNESSEE GAS PIPELINE COMPANY

CERTIFICATE OF INCUMBENCY

I, Alan D. Bishop, hereby certify that I am a duly elected Assistant Secretary of TENNESSEE GAS PIPELINE COMPANY, a Delaware corporation (the "Company"), and that FARRAH C. LOWE has the authority as a Director of Company's Outreach, Land and Environmental Department to execute without corporate seal and/or attestation the LEASE AGREEMENT ("Lease") by and between Company and the STATE OF NEW JERSEY, DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF PARKS AND FORESTRY and DIVISION OF FISH AND WILDLIFE ("State") regarding a lease of a 16.884-acre portion of State property located in the Township of Vernon, Sussex County, and in the Township of West Milford, Passaic County, New Jersey, for surface, sub-surface and aerial rights to construct, install, modify, operate and maintain a portion of Company's 325 Loop Segment for twenty-four (24) years commencing on the date the Lease is duly executed by the State, as more fully described in and subject to the terms of the Lease.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and affixed the seal of said Company this 15 day of October, 2010.

TENNESSEE GAS PIPELINE COMPANY




Alan D. Bishop