

GROUNDWATER RIGHTS PURCHASE AND SALE AGREEMENT

This Groundwater Rights Purchase and Sale Agreement (this “Agreement”) is made and entered into by and between EVANGELINE LAGUNA, LP, a Texas limited partnership (“Seller”), and the CITY OF CORPUS CHRISTI, a home rule Texas municipality (“Buyer”).

RECITALS

1. Seller is the owner of certain “Groundwater Rights” (as defined below) beneath the surface of that certain real property located in the San Patricio County, Texas, as more particularly described in **Exhibit A** attached hereto and incorporated herein for all purposes (the “Real Property”). Seller does not own the surface of the Real Property, and Seller’s sole rights of access through the surface of the Real Property are provided by the Surface Use Agreements (defined below).
2. Seller has negotiated Surface Use Agreements (defined below) with the Real Property owners, as more particularly described in **Exhibit B** in order to provide limited access easements on the surface of the Real Property.
3. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Groundwater Rights (as defined below) associated with the Real Property, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE 1 DEFINITIONS

Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

- 1.1. “Additional Earnest Money” means earnest money in addition to the Initial Earnest Money in an amount equal \$3,250,000.00 to be deposited with the Escrow Agent.
- 1.2. “Closing” means the consummation of the purchase and sale of the Groundwater Rights pursuant to this Agreement.
- 1.3. “Closing Date” means the date on which the Closing occurs.
- 1.4. “District” means the San Patricio County Groundwater Conservation District.

- 1.5. “District Rules” means all rules, regulations, bylaws, policies, and procedures adopted by the District that govern the exploration, drilling, production, transportation, and use of Groundwater within the District’s jurisdiction, as such rules may be amended from time to time.
- 1.6. “Earnest Money Deposit” is the combination of the Initial Earnest Money and the Additional Earnest Money deposited with the Escrow Agent in an amount equal \$3,750,000.00.
- 1.7. “Effective Date” is the date the Escrow Agent acknowledges receipt of a complete copy of this Agreement fully executed by Seller and Buyer.
- 1.8. “Escrow Agent” means Mission Title, LP, 114 West Glenview, Suite 200, San Antonio, Texas 78228.
- 1.9. “Excepted Uses” means and refers to all rights of Surface Owners (defined below) reserved in the Vesting Deed (defined below) and Prior Deeds (defined below), including, without limitation:
 - a. Reservation of right to use Groundwater from existing or future wells on the Real Property in connection with the Surface Owners’ surface estate in the Real Property; provided that such use is limited to exempt uses as defined by the District and for agricultural and ranching use (not to include irrigation of any type) so long as any such use does not adversely affect the production capacity or water quality of the Groundwater.
 - b. Reservation of right to use Groundwater in connection with any exempt use as set out in Section 36.117(b)(2) of the Texas Water Code for the production of oil, gas and other minerals under the Real Property (“Oil and Gas Production”), and the right to enter into oil, gas and mineral leases on the Real Property for Oil and Gas Production so long as any such lease or leases does not adversely affect the production capacity or water quality of the Groundwater.
- 1.10. “Groundwater” means all of the underground water, percolating water, artesian water, and any other water from any and all depths and reservoirs, formations, depths and horizons beneath the surface of the Real Property, excluding underflow or flow in a defined subterranean channel, and as defined by Section 36.001(5) of the Texas Water Code.
- 1.11. “Groundwater Rights” means the Groundwater, together with all associated rights related to the Groundwater including but not limited to the right to capture, explore for, drill for, develop, withdraw, produce, store, treat, transport and/or otherwise beneficially use such Groundwater.
- 1.12. “Initial Earnest Money” means initial earnest money in an amount equal to \$500,000.00 to be deposited with the Escrow Agent.

- 1.13. "Inspection Period" means the period commencing on the Effective Date and ending at 5:00 p.m., Central Time, on the date that is 60 days after the Effective Date. Buyer may extend the Inspection Period an additional 60 days by written notice to Seller prior to expiration of the initial 60-day Inspection Period converting the Initial Earnest Money to an addition to the Option Fee, for a total Option Fee of \$1,000,000.00.
- 1.14. "Option Fee" means \$500,000.00 non-refundable fee paid by Buyer to Seller that allows Buyer the unrestricted right to terminate during the Inspection Period provided that, if the condition set forth in Section 6.1.c below is not satisfied as of the Effective Date, the Option Fee shall be deposited with the Escrow Agent to be remitted to Seller at such time as such condition is satisfied. The Option Fee may be increased by an additional \$500,000.00 (for a total of \$1,000,000.00) by the conversion of the Initial Earnest Money as provided in Section 1.13 above.
- 1.15. "Permits" means (1) all permits required under the District's rules for drilling a total of 22 new groundwater wells on the Real Property (the "Drilling Permits") of sufficient design to produce water for municipal use, (2) approval for the assignment to Buyer of that certain Water Well Production Permit issued in the name of Seller dated May 16, 2019, and renewed on January 21, 2025 (the "Production Permit"), and (3) a transportation permit required by Buyer authorizing the transport of no fewer than 28,486 acre feet per year of Groundwater outside the boundaries of the District for use within Buyer's service area (the "Transport Permit").
- 1.16. "Permit Period" means the period commencing on the Effective Date and ending 180 days after the Effective Date.
- 1.17. "Purchase Price" means the amount set forth in Section 2.2.
- 1.18. "Surface Owners" means all owners of the surface estate of the Real Property, their heirs, legal representatives, administrators, successors and/or assigns. The current Surface Owners are the owners listed on **Exhibit B-1** attached.
- 1.19. "Surface Use Agreements" means all Surface Use Agreements and Surface Accommodation Agreements more particularly described on **Exhibit B-2** attached which provide the existing easements rights of access, ingress and egress to and from the surface estate of the Real Property for the Groundwater Rights from certain Surface Owners, as such Surface Use Agreements may be amended from time to time in accordance with the terms therein. Any amendments made after the Effective Date and during the pendency of this Agreement shall require the approval of Buyer, which approval shall not be unreasonably withheld, conditioned or delayed. Such rights of Buyer shall terminate upon any termination of this Agreement, and Seller's rights to participate any such amendments shall terminate upon the Closing.
- 1.20. "Title Company" means the title insurance company selected by Seller pursuant to Section 4.1.

- 1.21. “Vesting Deed” means that certain Fee Simple Determinable Groundwater Rights Warranty Deed recorded on April 11, 2018 in the Official Public Records under Clerk's File Number 676625, San Patricio County, Texas, between Seller, as grantee, and Evangeline Water, LP, as grantor, who received title to the Groundwater Rights pursuant to the following deeds (collectively, the “Prior Deeds”):
- a. Fee Simple Determinable Groundwater Rights Warranty Deed recorded on April 10, 2018 in the Official Public Records under Clerk's File Number 676546, San Patricio County, Texas.
 - b. Fee Simple Determinable Groundwater Rights Warranty Deed recorded on April 10, 2018 in the Official Public Records under Clerk's File Number 676547, San Patricio County, Texas.
 - c. Fee Simple Determinable Groundwater Rights Warranty Deed recorded on April 10, 2018 in the Official Public Records under Clerk's File Number 676548, San Patricio County, Texas.
 - d. Fee Simple Determinable Groundwater Rights Warranty Deed recorded on April 10, 2018 in the Official Public Records under Clerk's File Number 676549, San Patricio County, Texas.
 - e. Fee Simple Determinable Groundwater Rights Warranty Deed recorded on April 11, 2018 under Clerk's File Number 676591, and corrected by Correction Fee Simple Determinable Groundwater Rights Warranty Deed recorded on July 5, 2019, in the Official Public Records under Clerk's File Number 689832, San Patricio County, Texas.
 - f. Fee Simple Determinable Groundwater Right Warranty Deed dated effective April 6, 2018 recorded as Document Number 676550 and corrected by Correction Fee Simple Determinable Groundwater Rights Warranty Deed Clerk's File # 676624 and Correction Fee Simple Determinable Groundwater Rights Warranty Deed as recorded on July 5, 2019 under Clerk's File Number 689831, in the Official Public Records San Patricio County, Texas.

ARTICLE 2

PURCHASE AND SALE

- 2.1. Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Groundwater Rights.
- 2.2. Purchase Price. The purchase price for the Groundwater Rights will be \$169,491,700.00 (the “Purchase Price”), subject to adjustment as provided in Section 5.3 below.

2.3. Payment of Purchase Price. The Purchase Price shall be payable as follows:

- a. Buyer will deposit the Initial Earnest Money with the Escrow Agent within three business days after the Effective Date and pay the Option Fee to Seller within three business days after the Effective Date; provided that, if the condition set forth in Section 6.1.c below is not satisfied as of the Effective Date, the Option Fee shall be deposited with the Escrow Agent to be remitted to Seller at such time as such condition is satisfied.
- b. If Buyer has not terminated this Agreement by the conclusion of the Inspection Period, Buyer will deposit the Additional Earnest Money with the Escrow Agent within three business days after the conclusion of the Inspection Period.
- c. At Closing, Buyer shall pay to Seller the Purchase Price, less the Earnest Money Deposit and Option Fee, subject to the prorations and adjustments provided for in this Agreement, by wire transfer of immediately available funds to the Escrow Agent to be remitted to an account designated by Seller.

ARTICLE 3 INSPECTION PERIOD

3.1. Buyer's Inspection Rights. During the Inspection Period, Buyer and its agents, employees, consultants, and contractors shall have the right to enter upon the Real Property, subject to applicable access restrictions in the Surface Use Agreements, to conduct such tests, inspections, and investigations as Buyer deems necessary or appropriate to determine if the Groundwater Rights are satisfactory for Buyer's intended use. Buyer's access and entry onto the Real Property pursuant to the Surface Use Agreements will be done with prior notice to Seller who shall provide such notice to such Surface Owners as may be required under the Surface Use Agreements and performed in a manner to minimize interruptions of existing activities on the Real Property. Buyer's tests, inspections, and investigations, will be conducted at Buyer's sole cost and expense and may include, but are not limited to, the following:

- a. Buyer will conduct such physical inspections and title review of the Real Property and the Groundwater Rights (including review of the Surface Use Agreements) as Buyer deems necessary in order to satisfy itself that there are no encumbrances to surface use that unreasonably impair Buyer from efficiently developing the wellfield. Unreasonable impairments include, but are not limited to, encumbrances that prevent Buyer from exploring and testing for Groundwater, drilling at least 22 new Groundwater wells on the Real Property, at locations chosen by Buyer's hydrogeologist, installing efficient and effective collection and conveyance pipelines, installing electricity and accessing Buyer facilities for installation and maintenance at locations that can efficiently and effectively service the wellfield;
- b. Buyer will satisfy itself that it will have all necessary easements and rights-of-way over, on, and in the Real Property, including all necessary sanitary control

easements, sufficient to allow reasonable and necessary access for Buyer to test, explore for, drill for, develop, withdraw, capture, treat, transport Groundwater, and to drill, complete, operate, repair, maintain, and replace Groundwater wells, and to construct and maintain all collection lines, transmission lines, pump stations, utility lines, and other facilities necessary for Buyer to have unimpaired use, and quiet enjoyment of, the Groundwater Rights.

- c. Testing and sampling of the Groundwater;
- d. Review of all permits, authorizations, and other documentation related to the Groundwater Rights;
- e. Inspection of any wells and related equipment located on the Real Property;
- f. Review of applicable District Rules and regulations;
- g. Environmental assessments of the Real Property, including the right to conduct boring and sampling of the soil and water. Seller agrees to provide:
 - (i) Any notices actually received by Seller from any regulatory agency with jurisdiction regarding environmental contamination or the presence of hazardous or toxic materials on the Real Property.
 - (ii) The reports of any Phase I or Phase II Environmental Assessments conducted by Seller on the Real Property, if any.
- h. Hydrogeological studies to determine the quantity and quality of the Groundwater. Seller will provide to Buyer all materials and work product prepared by Seller's hydrogeologist, Steve Young, PhD, PE, PG, of INTERA ("Steve Young"), in connection with the Groundwater Rights, and Steve Young will be made available on a non-exclusive basis to answer questions and provide supporting materials concerning such work product and may be engaged by, and at the sole cost and expense of, Buyer or its agents on a non-exclusive basis to provide continuing service and analysis directly to Buyer, provided that Buyer will provide to Seller copies of any new work product produced by Steve Young for Buyer in connection with the Groundwater Rights;
- i. ALTA Survey of the Real Property showing Property boundaries, existing pipeline easements, electric easements, land use restrictions and other encumbrances;
- j. Buyer will satisfy itself during the Inspection Period that there is no material interference from oil and gas or other mineral leases on the Real Property. Buyer acknowledges that Seller has previously provided to Buyer a map previously prepared for Seller of all known oil and gas wells on the Real Property. Seller agrees to use best efforts to provide to the Title Company any required affidavits concerning production or non-production in connection with oil and gas leases

affecting the Real Property in order to determine which such leases remain in effect; provided, however, Buyer acknowledges and agrees that procurement of any such affidavits are not a condition to Buyer's obligation to close on the purchase of the Groundwater Rights.

- k. If the Real Property is physically altered because of Buyer's inspections, Buyer must return the Real Property to its pre-inspection condition promptly after the alteration occurs.
- l. Buyer must deliver to Seller copies of all inspection reports that Buyer prepares or receives from third-party consultants or contractors in the event that Buyer exercises its right to terminate this Agreement as provided below.
- m. The parties hereby waive any conflict of interest created by Buyer's and Seller's use of the following consultants on this Groundwater project for the sole purpose of assisting Seller and Buyer in procuring the Permits:
 - (i) Pape Dawson Engineers;
 - (ii) Hanson Professional Services, Inc. (John A. Michael, P.E., Sr. Vice President)

Notwithstanding the foregoing, Seller may utilize previously-obtained reports from such consultants and any publicly-available reports from such consultants obtained by Buyer in connection with other transactions contemplated by Seller.

3.2. Seller's Deliverables.

- a. Seller will use best efforts to provide a copy of all hunting, agricultural, or other leases or agreements authorizing the use of the surface of the Real Property that are not identified in the Title Commitment (defined below) for the Groundwater Rights and access easement rights in the Surface Use Agreements, as well as to procure an affidavit from the Surface Owners providing Surface Use Agreements that there are no oral or unrecorded leases or agreements of the surface or subsurface of the Real Property; provided, however, Buyer acknowledges and agrees that procurement of any such leases, agreements or affidavits are not a condition to Buyer's obligation to close on the purchase of the Groundwater Rights and acquisition of rights under the Surface Use Agreements.
- b. Seller agrees to confirm to the reasonable satisfaction of Buyer and the Title Company Seller's ability to assign its rights under the Surface Use Agreements to Buyer in connection with this sale prior to expiration of the Inspection Period.

3.3. Termination Right. If Buyer determines, in its sole discretion, that the Groundwater Rights are not suitable for Buyer's intended use, or if Buyer is not satisfied with the results of its due diligence investigation for any reason or no reason, then Buyer may terminate this Agreement by delivering written notice to Seller prior to the expiration of the Inspection

Period. If Buyer terminates this Agreement pursuant to this Section 3.2, neither party shall have any further rights or obligations under this Agreement except for those that expressly survive termination. In the event of such termination, the Earnest Money shall be released to Buyer. In the event that the Option Fee has not been remitted to Seller due to the failure to satisfy the condition in Section 6.1.c at such time, the Option Fee also shall be released to Buyer.

- 3.4. Seller Records. **NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, SELLER EXPRESSLY MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY DOCUMENTS, RECORDS OR ANY OTHER INFORMATION OR MATERIALS PREPARED BY THIRD PARTIES AND FURNISHED TO BUYER (OTHER THAN THE VESTING DEED AND THE PERMITS) REGARDING THE GROUNDWATER RIGHTS OR THE REAL PROPERTY (COLLECTIVELY, THE “SELLER RECORDS”). BUYER HEREBY AGREES THAT THE SELLER RECORDS PROVIDED TO BUYER ARE PROVIDED ON AN “AS IS” BASIS AND SELLER SHALL HAVE NO OBLIGATION TO VERIFY OR COMPILE SUCH DATA. BUYER ACKNOWLEDGES AND AGREES THAT ALL SUCH SELLER RECORDS ARE PROVIDED OR MADE AVAILABLE TO BUYER AS A COURTESY ONLY AND THAT ANY RELIANCE ON OR USE OF SUCH INFORMATION SHALL BE AT THE SOLE RISK OF BUYER.**

- 3.5. Buyer’s Insurance; and Release of Seller. Buyer must carry commercial general liability insurance with coverages and in amounts that are required by the Surface Use Agreements to cover its proposed inspection activities on the Real Property prior to the Closing Date. Buyer’s insurance policy shall name Seller and Surface Owners as additional insureds on a primary non-contributory basis. Buyer will deliver evidence of such insurance coverage to Seller promptly upon executing this Agreement. As an alternative to such insurance, Buyer may certify to Seller that Buyer’s insurance requirements herein are satisfied under a self-insurance program maintained by Buyer. Additionally, Buyer shall cause each of its contractors conducting inspection activities on the Real Property to provide such commercial general liability insurance for the benefit of Seller and Surface Owners. Buyer releases Surface Owners, Seller and those persons acting on Seller’s behalf from all claims and causes of action (including claims for attorney’s fees and court and other costs), but excluding any claims based on intentional actions or gross negligence, resulting from Buyer’s investigation of the Groundwater and Real Property. The obligations of Buyer under this provision will survive termination of this Agreement and Closing.

ARTICLE 4 TITLE AND SURVEY

- 4.1. Title Commitment. Within 30 days after the Effective Date, Seller shall, at Seller’s expense, cause the Title Company to deliver to Buyer a commitment for title insurance covering the Groundwater Rights and the access easement rights in the Surface Use Agreements (the “Title Commitment”). The Title Commitment will be issued by a title company selected by Seller (the “Title Company”), together with copies of all documents referenced in the Title Commitment. The Title Commitment shall include all exceptions

applicable to the Real Property, as the same may affect the Groundwater Rights and the access easement rights under the Surface Use Agreements.

- 4.2. Survey. Buyer acknowledges that Seller has previously delivered to Buyer a complete copy of all survey related materials produced for Seller by Seller's engineer, Pape Dawson Engineers, in connection with the Groundwater Rights. Buyer may, at Buyer's expense, obtain a new or updated survey of the Real Property (the "Survey").
- 4.3. Title Review. Buyer shall have until the date that is 30 days after Buyer receives the Title Commitment (the "Title Review Period") to review the Title Commitment and Survey and to notify Seller in writing of any objections Buyer may have to matters disclosed therein (the "Title Objections"). Any matters shown on the Title Commitment or Survey to which Buyer does not object within the Title Review Period shall be deemed "Permitted Exceptions." Buyer acknowledges and agrees that the Excepted Uses shall be deemed Permitted Exceptions.
- 4.4. Seller's Response to Title Objections. Seller shall have 10 days after receipt of Buyer's Title Objections to notify Buyer in writing whether Seller elects to cure such Title Objections. If Seller elects not to cure any Title Objection, or fails to respond within such 10-day period, Buyer may elect, by written notice to Seller within 20 days after the earlier of (i) receipt of Seller's notice that Seller will not cure such Title Objection, or (ii) the expiration of Seller's 10 day response period, to either (a) waive such Title Objection and proceed to Closing, in which case such Title Objection shall be deemed a Permitted Exception, or (b) terminate this Agreement, in which case the Earnest Money Deposit shall be returned to Buyer, the Option Fee shall be retained by Seller if the condition set forth in Section 6.1.c below has been satisfied, and neither party shall have any further rights or obligations under this Agreement except for those that expressly survive termination. In the event that the Option Fee has not been remitted to Seller due to the failure to satisfy the condition in Section 6.1.c at such time, the Option Fee also shall be released to Buyer.

ARTICLE 5 PERMITS

- 5.1. Obtaining Permits. Within 60 days from the Effective Date of this Agreement, Seller shall apply to the District for and, within the Permit Period, Seller shall exercise its best efforts to secure, from the District, the Drilling Permits and Transport Permit required by this Agreement (the "Permit Applications"), Buyer acknowledging that Seller already has the Production Permit. Notwithstanding the foregoing, if the Permit Application for the Drilling Permits must contain a specific location for each of the well sites, then Buyer shall provide such well site locations to Seller as soon as reasonably possible but in no event later than by the end of the Inspection Period, and Seller shall submit the Permit Application for the Drilling Permits within 30 days from Seller's receipt of such well site locations from Buyer. The Drilling Permits to be obtained by Seller shall allow sufficient time of not less than three years for Buyer to drill the 22 new groundwater wells contemplated by this Agreement. The Transport Permit shall permit the transportation of the Groundwater outside the District's boundaries to the extent necessary to effectuate the

purpose of this Agreement which is to obtain the right to transport Groundwater to Corpus Christi. No special conditions may be added to any of the Permits without Buyer's consent, which consent will be granted or denied by written notice to Seller within 30 days of Buyer's receipt of written request for consent; provided that if Buyer fails to deliver written notice to Seller within such 30-day period, Buyer will be deemed not to have consented to such special condition. The Permits shall be final and non-appealable at Closing and shall either be approved for issuance to Buyer or assignable to Buyer.

- 5.2. Permit Updates. Seller shall provide Buyer with periodic written updates on the status and processing of the Permit Applications as updates are received by Seller from the District. The updates will include copies of all applications, correspondence, and documentation related to the Permit Applications received by Seller. Seller shall promptly notify Buyer of any issues or concerns that arise during the permitting process that could potentially delay or prevent the issuance of the Permits.
- 5.3. Reduction of Purchase Price. To the extent that prior to Closing the number of acre-feet per year of Groundwater in such Permits is reduced from 28,486 acre-feet, the Purchase Price shall be reduced proportionately based on \$5,950 per acre-foot of any such reduction.
- 5.4. Permit Termination Right. If Seller fails to obtain all of the Permits contemplated by this Agreement within the Permit Period, Buyer may, at its option and as its sole and exclusive remedy, either (a) extend the Permit Period for up to an additional 90 days by written notice to Seller, or (b) terminate this Agreement by written notice to Seller, in which case the Earnest Money Deposit minus any amount converted to an Option Fee shall be returned to Buyer, and neither party shall have any further rights or obligations under this Agreement except for those that expressly survive termination
- 5.5. Buyer Cooperation. Buyer and Seller will diligently cooperate with each other as necessary or required in connection with Seller's procurement of the Permits, including promptly executing such forms as may be required by Seller, Buyer, or the District for the procurement and transfer of the Permits to Buyer, provided that the transfer will not be effective or binding upon the Groundwater Rights until Closing. Prior to Closing, Buyer acknowledges and agrees that Buyer shall have no right or authority to file, or otherwise pursue, any permit or permit amendment to drill for, develop or produce or transport groundwater from the Real Property.

ARTICLE 6 CONDITIONS TO CLOSING

- 6.1. Buyer's Conditions to Closing. Buyer's obligation to purchase the Groundwater Rights is subject to the satisfaction or waiver of the following conditions:
 - a. All representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects as of the Closing Date;

- b. Seller shall have performed all covenants and obligations required to be performed by Seller under this Agreement on or before the Closing Date;
- c. During the Inspection Period, Seller shall have either filed of record in San Patricio County, Texas, or deposited in escrow with the Title Company for recording at Closing, an instrument(s) terminating all rights of reversion under the Vesting Deed and Prior Deeds sufficient to satisfy the requirements of the Title Company to insure fee simple title to the Groundwater Rights.
- d. On the Closing Date, the Title Company shall be prepared to issue to Buyer an owner policy of title insurance in the aggregate amount of the Purchase Price insuring Buyer's fee simple title to the Groundwater Rights and the access easement rights in the Surface Use Agreements as an insured easement estate, subject only to the Permitted Exceptions;
- e. Buyer shall have obtained all necessary approvals from its governing body to proceed with the purchase of the Groundwater Rights;
- f. No material adverse change shall have occurred with respect to the Groundwater Rights, Permits, or the Surface Use Agreements between the Effective Date and the Closing Date without Buyer's written consent;
- g. No legal or administrative proceeding is filed and pending as of the Closing Date that would adversely affect the Groundwater Rights or Buyer's ability to use the Groundwater Rights as allowed by the Permits; and
- h. Seller shall have obtained all Permits as required by Article 5 prior to expiration of the Permit Period.

In the event that all of the conditions in this Section 6.1 have not occurred or been satisfied within the respective timeframes set forth above, then Buyer may, as its sole and exclusive remedy to be exercised in writing within 30 days from expiration of the applicable timeframe, either (i) waive such unsatisfied condition and proceed to Closing, or (ii) terminate this Agreement by written notice to Seller, in which event the Earnest Money Deposit will be returned to Buyer, the Option Fee is retained by Seller, and neither party shall have any further rights, duties or obligations hereunder; provided, however, if the termination is based upon the failure of satisfaction of item 6.1.c, the Option Fee shall be immediately returned to Buyer; and if the termination is based upon the failure of satisfaction of item 6.1.e, then the Earnest Money Deposit shall instead be immediately released to Seller. If Buyer fails to timely deliver written notice of its election of remedy herein, Buyer will be deemed to have elected (ii) above.

- 6.2. Seller's Conditions to Closing. Seller's obligation to sell the Groundwater Rights is subject to the satisfaction or waiver of the following conditions:

- a. All representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects as of the Closing Date;
- b. Buyer shall have performed all covenants and obligations required to be performed by Buyer under this Agreement on or before the Closing Date; and
- c. Buyer shall have deposited the Purchase Price (with appropriate credit for the Earnest Money Deposit and Option Fee paid to Seller) with the Escrow Agent.

In the event that all of the conditions in this Section 6.2 have not occurred or been satisfied prior to the Closing Date, then Seller may, as its sole and exclusive remedy, terminate this Agreement by written notice to Buyer, in which event the Earnest Money Deposit will be released to Seller, and neither party shall have any further rights, duties or obligations hereunder.

ARTICLE 7 CLOSING

- 7.1. Closing Date. The Closing shall take place on the date that is 60 days after the expiration of the Permit Period, or such earlier date as may be mutually agreed upon by Seller and Buyer.
- 7.2. Seller's Deliveries. At Closing, Seller shall deliver to Buyer the following:
 - a. A Groundwater Rights Special Warranty Deed conveying the Groundwater Rights to Buyer, in the form attached hereto as **Exhibit C**, executed and acknowledged by Seller (with appropriate modifications to reflect Buyer's waiver of any conditions and/or representations herein);
 - b. An assignment of the Permits, in a form promulgated by the District or, in the absence of such District form, in form and substance reasonably satisfactory to the parties and the District (the "Assignment of Permits"), executed by Seller;
 - c. All original Permits related to the Groundwater Rights in Seller's possession;
 - d. An assignment of all Surface Use Agreements in form and substance reasonably satisfactory to the parties and the Title Company (the "Assignment of SUAs");
 - e. A bill of sale conveying all rights in and to all groundwater wells, pumps, motors, well casing, and related equipment drilled, completed, constructed, and installed on the Real Property and owned by Seller in connection with the Groundwater Rights, in the form attached hereto as **Exhibit D** (the "Bill of Sale"), executed by Seller;
 - f. A non-foreign affidavit as required by Section 1445 of the Internal Revenue Code;

- g. A resolution or other evidence of authority, in a form reasonably acceptable to the Title Company, authorizing the sale of the Groundwater Rights and assignment of the Surface Use Agreements and the execution and delivery of this Agreement and all documents to be executed and delivered by Seller at Closing
- h. A certification that Seller has granted no leases, licenses, or other agreements granting any person or entity the right to use or access the Groundwater Rights that will survive Closing other than those instruments scheduled in the policy of title insurance to be issued by the Title Company; and
- i. Such other customary documents as may be reasonably necessary to consummate the transaction contemplated by this Agreement, as reasonably approved by the parties.

7.3. Buyer's Deliveries. At Closing, Buyer shall deliver to Seller the following:

- a. The Purchase Price (less the Earnest Money Deposit and credit for the Option Fee) by wire transfer of immediately available funds;
- b. The Assignment of the Permits, executed by Buyer;
- c. The Bill of Sale, executed by Buyer;
- d. The Assignment of SUAs, executed by Buyer; and
- e. Such other customary documents as may be reasonably necessary to consummate the transaction contemplated by this Agreement, as reasonably approved by the parties.

7.4. Closing Costs. Closing costs shall be allocated as follows:

- a. Seller shall pay (i) the cost of the Title Commitment, (ii) the basic premium for the owner's policy of title insurance, (iii) the cost of releasing any liens or encumbrances that affect the Groundwater Rights and the Surface Use Agreements are not Permitted Exceptions, (iv) any transfer taxes or fees associated with the transfer of the Groundwater Rights, and (v) one-half of the Escrow Agent's fees.
- b. Buyer shall pay (i) the cost of the Survey, (ii) all recording fees, (iii) one-half of the Escrow Agent's fees, and (iv) any premium or other fees or costs charged by the Title Company for other endorsements, amendments or modifications to the owner's policy of title insurance, as may be requested by Buyer.
- c. Each party shall pay its own legal fees.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

- 8.1. Seller's Representations and Warranties. Seller represents and warrants to Buyer, as of the Effective Date (unless otherwise provided below) and as of the Closing Date, that:
- a. Seller owns the access easement rights to use the surface of the Real Property as provided in the Surface Use Agreements, which have not been amended, modified or changed from the instruments filed of record, except as permitted in this Agreement.
 - b. Seller has not received any written notice of any legal actions, administrative proceedings, or disputes that have been filed against Seller challenging the Groundwater Rights, or the permits or authorizations related thereto, or the right to transfer them to Buyer and to the best of Seller's knowledge no such filings have been made.
 - c. Seller has not received any written notice of any violation with any applicable District, State, or local laws, rules, and regulations relating to the Groundwater Rights or the permit(s) related thereto and to the best of Seller's knowledge no such violations exist.
 - d. Seller has not received any written notice of any claims or actions filed against Seller by the District or any other governmental authority regarding the Groundwater Rights or related permits and authorizations and to the best of Seller's knowledge no such claims or actions have been filed.
 - e. Seller has not granted any options, rights of first refusal, or other third-party interests in the Groundwater Rights that will survive Closing, SAVE AND EXCEPT (i) as may be disclosed in the Title Commitment, and (ii) Excepted Uses reserved in the Vesting Deed and Prior Deeds.
 - f. Seller is a limited partnership duly organized, validly existing, and in good standing under the laws of the State of Texas.
 - g. Seller has full power and authority to enter into this Agreement and to perform its obligations hereunder.
 - h. This Agreement has been duly authorized, executed, and delivered by Seller and constitutes the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with its terms.
 - i. The execution, delivery, and performance of this Agreement by Seller does not conflict with or result in a violation of Seller's organizational documents or any judgment, order, or decree of any court or arbiter to which Seller is a party.

- j. There are no leases, licenses, or other agreements granting any person or entity the right to use the Groundwater Rights or any portion thereof that will survive Closing, SAVE AND EXCEPT (i) as may be disclosed in the Title Commitment, and (ii) Excepted Uses reserved in the Vesting Deed and Prior Deeds.
- k. Seller has not received any written notice of any condemnation or eminent domain proceedings filed or, to Seller's knowledge, threatened against the Groundwater Rights or any portion thereof.

8.2. Limitations and Disclaimers.

- a. All of Seller's representations and warranties in this Agreement are made to Seller's knowledge. All references in this Agreement to "*Seller's knowledge*", "*Seller's actual knowledge*" or phrases of similar import (i) shall refer solely to the actual knowledge (as opposed to constructive, deemed or imputed knowledge) of Edward A. Cross II, Hamlet T. Newsom, Jr., and Bruce H.C. Hill, (ii) shall not be construed to refer to the knowledge of any other officer, director, partner or agent of Seller or any affiliate of Seller, (iii) shall not impose upon the foregoing individuals any duty to investigate the matter to which the actual knowledge, or the absence thereof, pertains, and (iv) shall not impose any personal liability upon such individuals for the inaccuracy of such representation or warranty. Further, all of Seller's representations and warranties in this Agreement are qualified and limited by any matters revealed in or by any one or more of the following: (1) the Title Commitment (and any update thereof) and any of the exception documents referred to therein; (2) the Permitted Exceptions; and (3) any written document, instrument, or other information provided by Seller, or otherwise disclosed to or known by, Buyer, including Sellers Records. Notwithstanding anything in this Agreement to the contrary, in the event that Buyer discovers on or prior to the Closing Date that any of the Seller's representations or warranties in this Agreement are untrue or materially inaccurate, Buyer shall have the right, as its sole and exclusive remedy, to either (a) terminate this Agreement by giving written notice of termination to Seller prior to Closing, whereupon the Earnest Money Deposit shall be promptly returned to Buyer (together with the refund of the Option Fees paid less the independent consideration if the matter involves a default by Seller) and the parties shall have no further obligations hereunder except for those obligations which shall survive the termination of this Agreement, or (b) waive any claim or cause of action relating to such fact and proceed to Closing. Buyer shall not have the right to make a claim under any particular representation or warranty of Seller to the extent that, prior to Closing, Buyer becomes aware that the representation or warranty is not accurate and elects to proceed to close on the acquisition of the Groundwater Rights.
- b. Seller has not made, and makes no warranties or representations concerning any the Groundwater Rights or the Real Property, except as specifically set forth in this Agreement, and all other representations and warranties, express or implied, in any way relating to the Groundwater Rights or the Real Property or the transaction

contemplated by this Agreement are hereby waived by Buyer. Any representations or warranties made by Seller in the future shall be considered void and of no effect unless made in a written document addressed and delivered to Buyer which specifically references this Agreement. As a material part of the consideration for entering into this Agreement, Buyer will accept the Groundwater Rights on an “AS IS” basis at Closing. THIS AGREEMENT IS AN ARM’S-LENGTH AGREEMENT BETWEEN THE PARTIES. THE PURCHASE PRICE WAS BARGAINED ON THE BASIS OF AN “AS IS, WHERE IS” TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT THOSE IN THIS AGREEMENT. SELLER DISCLAIMS ALL WARRANTIES AND REPRESENTATIONS REGARDING THE QUANTITY, QUALITY, OR RELIABILITY OF THE GROUNDWATER OR THE AVAILABILITY NOW OR IN THE FUTURE OF AMENDMENTS TO ANY PERMITS NECESSARY FOR BUYER TO USE THE GROUNDWATER FOR ANY PURPOSE, INCLUDING THE PERMITS. SELLER FURTHER DISCLAIMS ALL WARRANTIES AND REPRESENTATIONS WITH RESPECT TO THE FITNESS OF THE GROUNDWATER FOR ANY PARTICULAR USE. BUYER ACKNOWLEDGES THAT THE DISTRICT’S RULES AND REGULATIONS OR PERMITTING DECISIONS MAY LIMIT THE VOLUME OF GROUNDWATER PRODUCED FROM THE REAL PROPERTY AND THE PURPOSE OR PLACE OF ITS USE, AS WELL AS THE LOCATION OF ANY WELL, ITS DEPTH, OR RATE OF PRODUCTION. BUYER IS NOT RELYING ON ANY REPRESENTATIONS, DISCLOSURES, OR EXPRESS OR IMPLIED WARRANTIES OTHER THAN THOSE EXPRESSLY CONTAINED IN THIS AGREEMENT. BUYER IS NOT RELYING ON ANY INFORMATION REGARDING THE GROUNDWATER OR THE REAL PROPERTY PROVIDED BY ANY PERSON, OTHER THAN BUYER’S OWN INSPECTION AND THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT. BY CLOSING THE TRANSACTION AS CONTEMPLATED HEREIN, BUYER AGREES THAT (A) BUYER SHALL BE DEEMED TO HAVE ACCEPTED ALL RISKS ASSOCIATED WITH ADVERSE PHYSICAL CHARACTERISTICS AND EXISTING ENVIRONMENTAL CONDITIONS THAT MAY OR MAY NOT HAVE BEEN REVEALED BY BUYER’S INVESTIGATION OF THE GROUNDWATER RIGHTS AND THE REAL PROPERTY AND (B) AS BETWEEN SELLER AND BUYER, BUYER SHALL BE DEEMED TO HAVE ACCEPTED ALL COSTS AND LIABILITIES ASSOCIATED IN ANY WAY WITH THE PHYSICAL AND ENVIRONMENTAL CONDITION OF THE GROUNDWATER RIGHTS AND THE REAL PROPERTY. FURTHER, IN CLOSING THE TRANSACTION CONTEMPLATED HEREIN, BUYER ACKNOWLEDGES AND AGREES THAT BUYER HAS HAD AN OPPORTUNITY TO INSPECT THE GROUNDWATER RIGHTS AND TO REVIEW RECORDS AND FILES OF SELLER RELATING TO THE GROUNDWATER RIGHTS, INCLUDING THE SELLER RECORDS. BUYER ACKNOWLEDGES THAT BUYER IS FULLY AWARE OF AND ACCEPTS ALL CONDITIONS RELATING TO THE GROUNDWATER RIGHTS. The provisions of this Section 8.2.b regarding the Groundwater Rights will survive Closing.

8.3. Buyer’s Representations and Warranties. Buyer represents and warrants to Seller as follows:

- a. Buyer is a home rule municipality duly organized and validly existing under the laws of the State of Texas.

- b. Buyer has full power and authority to enter into this Agreement and to perform its obligations hereunder.
 - c. This Agreement has been duly authorized, executed, and delivered by Buyer and constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.
 - d. The execution, delivery, and performance of this Agreement by Buyer does not conflict with or result in a violation of Buyer's charter, ordinances, or any judgment, order, or decree of any court or arbiter to which Buyer is a party.
- 8.4. The representations and warranties set forth in this Article 8 shall survive Closing for a period of one (1) year.

ARTICLE 9

DEFAULT AND REMEDIES

- 9.1. Seller's Default. If Seller defaults in the performance of its obligations under this Agreement, Buyer may, as its sole and exclusive remedy, either (a) terminate this Agreement by written notice to Seller, in which case the Earnest Money Deposit and all non-refundable Option Fees received by Seller shall be returned to Buyer, less the sum of \$10,000.00, which shall be deemed the non-refundable independent consideration for the purposes of this Agreement, or (b) seek specific performance of Seller's obligations under this Agreement.
- 9.2. Buyer's Default. If Buyer defaults in the performance of its obligations under this Agreement, Seller may, as its sole and exclusive remedy, terminate this Agreement by written notice to Buyer, in which case the Earnest Money Deposit shall be paid to Seller as liquidated damages. The parties agree that just compensation for the harm that would be caused by a default by either party cannot be accurately estimated or would be very difficult to accurately estimate and that the Earnest Money are reasonable forecasts of just compensation to the nondefaulting party for the harm that would be caused by a default.
- 9.3. Notice and Cure Period. Except as otherwise provided herein, Seller and Buyer covenant and agree, each with the other, to give to the other written notice of any default occurring, and such party in default shall have a period of ten (10) days to cure such default prior to the exercise of any right or remedy provided in this Agreement by the non-defaulting party; provided, however, neither party shall be obligated to provide written notice of default and opportunity to cure with respect to the failure to close, fund the purchase of the Groundwater Rights on the Closing Date, or deliver the required documents prior to the exercise of any right or remedy of provided in this Agreement on account thereof.

ARTICLE 10

MISCELLANEOUS

- 10.1. Notices. All notices required or permitted under this Agreement shall be in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by a commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by email, addressed as follows:

If to Seller: Evangeline/Laguna, LP
C/O: Hamlet Newsom
5111 Broadway St.
San Antonio, Texas 78209
Telephone: (210) 828-6565, ext. 128
Email: hamlet@evangelinewater.com

With copy to: Evangeline/Laguna, LP
C/O: Bruce H.C. Hill
5111 Broadway St.
San Antonio, Texas 78209
Telephone:
Email: bruce@hillassoc.net

And a copy to: Uhl, Fitzsimons, Burton, Wolff & Rangel, PLLC
Attn: Trace Burton and Alejandro Sostre-Odio
4040 Broadway Street, Suite 430
San Antonio, Texas 78209
Phone: (210) 829-1660
Email: tburton@uhlfitzsimons.com;
asostre@uhlfitzsimons.com

If to Buyer: City of Corpus Christi
Attn: Peter Zanoni, City Manager
1201 Leopard Street, 5th Floor
Corpus Christi, TX 78401
Email: PeterZ@corpuschristitx.gov

Corpus Christi Water
Attn: Nick Winkelmann, Interim COO
Email: nickw@corpuschristitx.gov

Copy to: City Attorney
Milesr@corpuschristitx.gov

Notices shall be effective upon receipt or refusal of delivery. Either party may change its address for notice by giving notice to the other party in accordance with this Section 10.1

- 10.2. Entire Agreement. This Agreement, including all exhibits attached hereto, constitutes the entire agreement between Seller and Buyer with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, warranties, and understandings of the parties, whether oral, written, or implied, and neither party is relying on any statements or representations of any agent of the other party, that are not contained herein.
- 10.3. Amendments. This Agreement may be amended only by a written instrument executed by both Seller and Buyer.
- 10.4. Assignment. Buyer may not assign this Agreement or any of Buyer's rights under it without Seller's prior written consent, which consent may be granted or withheld in Seller's sole discretion, and any attempted assignment without Seller's consent is void; provided, however, that Buyer may assign its rights and obligations under this Agreement, in whole or in part, without Seller's consent to the following parties (each a "Permitted Assignee"): (i) San Patricio Municipal Water District, (ii) Steel Dynamics Southwest LLC, (iii) Gulf Coast Growth Ventures (Exxon-SABIC), or (iv) a governmental instrumentality of Buyer. In the event of such assignment to a Permitted Assignee, (a) Buyer shall deliver written notice of such assignment to Buyer no later than 15 days prior to Closing, and (b) Buyer shall remain jointly and severally liable with such Permitted Assignee under the terms and obligations of this Agreement.
- 10.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to principles of conflicts of law.
- 10.6. Venue. Any legal action or proceeding with respect to this Agreement shall be brought in the courts of San Patricio County, Texas, and each party consents to the jurisdiction of such courts.
- 10.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Electronic or facsimile signatures shall be deemed original signatures.
- 10.8. Severability. If any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- 10.9. Time of Essence. Time is of the essence with respect to all provisions of this Agreement.
- 10.10. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

- 10.11. Further Assurances. Each party shall execute and deliver such additional documents and instruments as may be required by the Title Company and/or the District (subject to the parties' reasonable approval) to effectuate the provisions and purposes of this Agreement.
- 10.12. Legal Fees. In the event of any litigation between the parties with respect to this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs and expenses, including reasonable legal fees, including costs of court, expert witnesses, and costs of appeal, incurred by the prevailing party in connection with such litigation.
- 10.13. Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom enforcement of the waiver is sought. No waiver of any right or remedy in respect of any occurrence or event on one occasion shall be deemed a waiver of such right or remedy in respect of such occurrence or event on any other occasion.
- 10.14. Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.
- 10.15. Time Periods. Unless otherwise specified, reference to "day" in this Agreement means a calendar day, and reference to "business day" means any calendar day other than a Saturday, Sunday or legal holiday. If the final date of any period provided for herein for the performance of an obligation or for the taking of any action falls on a Saturday, Sunday, or legal holiday recognized by Buyer, then the time of such period shall be deemed extended to the next business day.
- 10.16. Exhibits. All exhibits attached to this Agreement are incorporated herein by reference and made a part hereof.
- 10.17. Back-up Contracts. Seller reserves the right to enter into a back-up contract for the sale of the Groundwater Rights to another party, excluding any Permitted Assignee, subject to the rights of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER:

EVANGELINE LAGUNA, LP,
a Texas limited partnership

By: Evangeline/Laguna GP, LLC, its General Partner

By: _____
Name: _____
Title: _____

BUYER:

CITY OF CORPUS CHRISTI,
a home rule Texas municipality

By: _____
Name: _____
Title: _____

EXHIBITS:

Exhibit A - Legal Description of Real Property

Exhibit B-1 - List of Surface Owners

Exhibit B-2 - Surface Use Agreements and Surface Accommodation Agreements

Exhibit C - Form of Groundwater Rights Deed

Exhibit D - Form of Bill of Sale

ESCROW AGENT ACKNOWLEDGEMENT

Receipt of one complete, fully-executed counterpart of this Agreement is hereby acknowledged by the Escrow Agent of the date below.

Mission Title, LP

By: _____

Name: _____

Its: _____

Date: _____ (“Effective Date”)

Receipt of the Initial Earnest Money in the amount of **\$500,000.00** is hereby acknowledged by the Escrow Agent as of the date below. The Escrow Agent agrees to hold the Earnest Money in escrow and disburse the Earnest Money as provided in this Agreement.

Mission Title, LP

By: _____

Name: _____

Its: _____

Date: _____

Receipt of the Additional Earnest Money in the amount of **\$3,250,000.00** is hereby acknowledged by the Escrow Agent as of the date below. The Escrow Agent agrees to hold the Earnest Money in escrow and disburse the Earnest Money as provided in this Agreement.

Mission Title, LP

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT A
REAL PROPERTY

The following lands situated in San Patricio County, Texas and more particularly described as follows:

Tract I (Oakes David Edwards, Jr.):

4,404.85 acres, more or less, as more particularly described in that certain Partition and Exchange Deed dated December 21, 2009 between Oakes David Edwards, individually and as Trustee of the Edwards 1976 Trust "A" and Patricia Edwards Carson, individually and as Trustee of the Edwards 1976 Trust "B", and recorded as Document Number 597066 of the Official Public Records of San Patricio County, Texas.

Tract II (Edwards 1976 Trust A):

2328.51 acres, more or less, situated in San Patricio County, Texas and being more particularly described as follows:

Tract 1

1454.65 acres, more or less, as more particularly described in that certain Partition and Exchange Deed dated December 21, 2009 between Oakes David Edwards, individually and as Trustee of the Edwards 1976 Trust "A" and Patricia Edwards Carson, individually and as Trustee of the Edwards 1976 Trust "B", and recorded as Document Number 597066 of the Official Public Records of San Patricio County, Texas.

Tract 2

873.86 acres, more or less, as more particularly described in that certain Special Warranty Deed dated August 13, 2009 from ExStra-Edwards, LLC to David Edwards, Trustee of the Edwards 1976 Trust "A", and recorded as Document Number 593650 of the Official Public Records of San Patricio County, Texas.

Tract III (R.H. Welder Heirs, Ltd.):

5,566.24 acres, more or less, as more particularly described in that Special Warranty Deed dated December 31, 2009 from Patricia E. Carson, Individually and as Trustee of The Edwards 1976 Trust B to R.H. Welder Heirs, Ltd., and recorded as Document No. 604262 of the Official Public Records of San Patricio County, Texas.

Tract IV (E-H Partnership, Ltd.):

3,752.30 acres of land, more or less, being 431 acres, more or less, out of the James O'Connor Survey, Abstract No. 22, 120.5 acres, more or less, out of the P. & W. Quinn Survey, Abstract No. 29, and 3,200.8 acres, more or less, out of the A.V. Loupy Survey, Abstract No. 12, and being all of said named surveys insofar as they lie within the boundaries of San Patricio County, Texas, and as more particularly described in that certain Special Warranty Deed dated effective January 1, 1979 from John Robert Thomas, et al as Grantors, to E-H Partnership, Ltd., as Grantee, as recorded as Document Number 281051, Official Public Records of San Patricio County, Texas.

Tract V (Hamilton-Ingleside Limited):

776.513 acres, more or less, being all of those two parcels comprising a total of 873.86 acres, as more particularly described in that certain Exchange General Warranty Deed dated August 2, 2012 by and between E-H Partnership, Ltd., as Grantor and Hamilton-Ingleside Limited, as Grantee and recorded as Document Number 620282 of the Official Public Records of San Patricio County, Texas, LESS, SAVE AND EXCEPT that certain 97.347 acre tract of land, more or less, as more particularly described in that certain General Warranty Deed dated March 11, 2015 by and between Hamilton Ingleside, Ltd., as Grantor and Hughes C. Thomas, as Grantee and recorded as Document Number 646120 of the Official Public Records of San Patricio County, Texas.

Tract VI (Diana Welder Hamilton Ranch Partnership, Ltd. and Hamilton-Ingleside Limited):

Approximately 5,960.587 acres, more or less, situated in San Patricio County, Texas, and being more particularly described as follows:

All of those lands located in San Patricio County, Texas owned as co-tenants by Diana Welder Hamilton Ranch Partnership, Ltd. and Hamilton-Ingleside Limited, being that portion of the lands described in the following deeds which is located in San Patricio County, Texas: (b) that certain Special Warranty Deed dated July 1, 1994, recorded as File Number 424180 in the Official Public Records of San Patricio County, Texas from Diana Welder Hamilton to Diana Welder Hamilton Ranch Partnership, Ltd.; and (b) that Exchange Special Warranty Deed dated August 8, 2012, recorded as Document Number 620281 in the Official Public Records of San Patricio County, Texas, from the Estate of Diana Welder Hamilton, Deceased to Hamilton-Ingleside Limited.

LESS, SAVE AND EXCEPT those certain tracts of land as follows:

1. 52.653 acres, more or less, as more particularly described in that certain General Warranty Deed dated March 11, 2015, by and between Diana Hamilton Ranch Partnership, Ltd., as Grantor and Hughes C. Thomas, as

Grantee, recorded as Document Number 646119 in the Official Public Records of San Patricio County, Texas, as amended by Correction Deed recorded as Document Number 676412 in the Official Public Records of San Patricio County, Texas;

2. 50.45 acres, more or less, as more particularly described in that certain General Warranty Deed dated March 11, 2015, by and between Diana Welder Hamilton Ranch Partnership, Ltd., as Grantor and Jeanne T. Talley Family 2012 Exempt Trust and Jeanne Talley, as Grantee, recorded as Document Number 646122 in the Official Public Records of San Patricio County, Texas, as amended by Correction Deed recorded as Document Number 676409 in the Official Public Records of San Patricio County, Texas;
3. 150 acres, more or less, as more particularly described in that certain General Warranty Deed dated March 11, 2015, by and between Diana Hamilton Ranch Partnership, Ltd., as Grantor and Jane Hamilton McKee Family Trust, as Grantee, recorded as Document Number 646123 in the Official Public Records of San Patricio County, Texas, as amended by Correction Deed recorded as Document Number 676411 in the Official Public Records of San Patricio County, Texas;
4. 150 acres, more or less, as more particularly described in that certain General Warranty Deed dated June 10, 2015, by and between Diana Welder Hamilton Ranch Partnership, Ltd., as Grantor and The Sinton Lakes, LP, as Grantee, recorded as Document Number 647944 in the Official Public Records of San Patricio County, Texas, as amended by Correction Deed recorded as Document Number 676413 in the Official Public Records of San Patricio County, Texas; and
5. 154 acres, more or less, as more particularly described in that certain General Warranty Deed dated March 11, 2015, by and between Diana Welder Hamilton Ranch Partnership, Ltd., as Grantor and Richard P. Thomas and the Richard P. Thomas Family Trust 2012 GST Exempt Trust, as Grantee, recorded as Document Number 646124 in the Official Public Records of San Patricio County, Texas, as amended by Correction Deed recorded as Document Number 676410 in the Official Public Records of San Patricio County, Texas.

EXHIBIT B-1
LIST OF SURFACE OWNERS

- E-H Partnership, Ltd., a Texas limited partnership
- Hamilton-Ingleside Limited, a Texas limited partnership
- Diana Welder Hamilton Ranch Partnership, Ltd, a Texas limited partnership
- Prosperity Bank, as Executor of the Estate of Oakes David Edwards, Jr., Deceased
- Prosperity Bank, as Trustee of the Edwards 1976 Trust "A"
- R.H. Welder Heirs, Ltd., a Texas limited partnership
- Steel Dynamics Southwest LLC, an Indiana limited liability company

EXHIBIT B-2

SURFACE USE AGREEMENTS and SURFACE ACCOMMODATION AGREEMENT

1. Surface Use Agreement — Groundwater Operations dated December 1, 2024, between HAMILTON-INGLESIDE LIMITED, A TEXAS LIMITED PARTNERSHIP; E-H PARTNERSHIP, LTD., A TEXAS LIMITED PARTNERSHIP; AND DIANA WELDER HAMILTON RANCH PARTNERSHIP, LTD., A TEXAS LIMITED PARTNERSHIP, collectively as Grantor; and EVANGELINE/LAGUNA, LP, a Texas limited partnership, as Grantee, a Memorandum of which is recorded in the Official Records of San Patricio County, Texas, as Instrument Number 747522.

2. Surface Use Agreement — Groundwater Operations dated December 1, 2024, between R.H. WELDER HEIRS, LTD. as Grantor, and EVANGELINE/LAGUNA, LP, as Grantee, a Memorandum of which is recorded in the Official Records of San Patricio County, Texas, as Instrument Number 747523.

3. Surface Use Agreement — Groundwater Operations dated December 1, 2024, between ESTATE OF OAKES DAVID EDWARDS, JR., PROSPERITY BANK AND OAKES DAVID EDWARDS, III, CO-TRUSTEES OF THE OAKES DAVID EDWARDS, III SON'S TRUST 1976 A, and PROSPERITY BANK, TRUSTEE OF THE JASON S. EDWARDS SON'S TRUST 1976 A, collectively as Grantor, and EVANGELINE/LAGUNA, LP, as Grantee, a Memorandum of which is recorded in the Official Records of San Patricio County, Texas, as Instrument Number 748122.

4. Surface Accommodation Agreement dated April 24, 2023, among R. H. WELDER HEIRS, LTD. and GEORGE F. CARSON, III and PATRICK R. CARSON, CO-TRUSTEES OF THE CARSON GRANDCHILDREN 2009 TRUST, collectively "Mineral Owners", EVANGELINE/ LAGUNA, LP, as Water Developer" and WELDER SOLAR, LP, as "Solar Developer," filed of record as Instrument No. 748296, Official Records of San Patricio County, Texas.

5. Accommodation Agreement dated March 10, 2022, among OAKES DAVID EDWARDS, JR.; R. H. WELDERS HEIRS, LTD; OAKES W. CARSON, TRUSTEE OF THE CARSON GRANDCHILDREN 2009 TRUST; HELEN FORD ALLEN, TRUSTEE OF THE HELEN FORD ALLEN NON-EXEMPT TRUST; GRACE FORD POWERS, TRUSTEE OF THE GRACE FORD POWERS NON-EXEMPT TRUST; E-H PARTNERSHIP, LTD.; ROCKING 6 CATTLE COMPANY, LTD.; RICHARD P. THOMAS; JEANNE THOMAS TALLEY; HUGHES CALDWELL THOMAS; DIANA WELDER MORRISON; and JANE HAMILTON MCKEE, collectively "Mineral Owners", EVANGELINE/ LAGUNA, LP, as Water Developer" and WELDER SOLAR, LP, as "Solar Developer," filed of record as Instrument No. 723538, Official Records of San Patricio County, Texas.

EXHIBIT C
FORM OF GROUNDWATER RIGHTS SPECIAL WARRANTY DEED

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

GROUNDWATER RIGHTS SPECIAL WARRANTY DEED

Date: Effective as of [_____]

Grantor: EVANGELINE LAGUNA, LP, a Texas limited partnership

Grantor's Mailing Address:

5111 Broadway
San Antonio, Texas 78209

Grantee: CITY OF CORPUS CHRISTI, a home rule Texas municipality

Grantee's Mailing Address:

Attn: Peter Zanoni, City Manager
1201 Leopard Street, 5th Floor
Corpus Christi, TX 78401

Consideration: Cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Real Property: See Exhibit A attached hereto.

Groundwater: All of the underground water, percolating water, artesian water, and any other water from any and all depths and reservoirs, formations, depths and horizons beneath the surface of the Real Property, excluding underflow or flow in a defined subterranean channel, and as defined by Section 36.001(5) of the Texas Water Code.

Groundwater Rights: The Groundwater, together with all associated rights related to the Groundwater including but not limited to the right to capture, explore for, drill for, develop, withdraw, produce, store, treat, transport and/or otherwise beneficially use such Groundwater.

Reservations from Conveyance and Exceptions to Conveyance and Warranty:

1. Any existing limitations, restrictions, applicable rules, or other conditions now in effect or that may be adopted or imposed by the District, including but not limited to the limitations and conditions to the rights to withdraw and beneficially use the Groundwater Rights.

2. Any physical aspect of the Groundwater Rights including but not limited to availability, existence, utility, recoverability, source, quality, condition, potability, chemistry, or other characteristics of groundwater, if any, lying on, under, or over the Real Property.
3. Lack of a right of access.
4. Any subsequent decrease in the amount of Groundwater Rights available for withdrawal pursuant to any permit that is the result of any pro rata reduction applied to all holders of permits for withdrawal of Groundwater Rights by the District or any governmental entity with authority to restrict Groundwater Rights withdrawals.
5. All matters disclosed on Exhibit B attached hereto and made a part hereof for all purposes, including, without limitation, the following:
 - a. Reservation of rights to use Groundwater from existing or future wells on the Real Property in connection with the surface estate in the Real Property; provided that such use is limited to exempt uses as defined by the San Patricio County Groundwater District and for agricultural and ranching use (not to include irrigation of any type) so long as any such use does not adversely affect the production capacity or water quality of the Groundwater.
 - b. Reservation of right to use Groundwater in connection with any exempt use as set out in Section 36.117(b)(2) of the Texas Water Code for the production of oil, gas and other minerals under the Real Property (“Oil and Gas Production”), and the right to enter into oil, gas and mineral leases on the Real Property for Oil and Gas Production so long as any such lease or leases does not adversely affect the production capacity or water quality of the Groundwater.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells and conveys to Grantee all of Grantor’s Groundwater Rights, together with all rights and appurtenances thereto, to have and to hold forever. Grantor binds Grantor and Grantor’s successors and assigns to warrant and forever defend all and singular the Groundwater Rights to Grantee and Grantee’s successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

[Signature Pages Immediately Follow]

GRANTOR:

EVANGELINE LAGUNA, LP,
a Texas limited partnership

By: Evangeline/Laguna GP, LLC, its General
Partner

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §

§

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 202____,
by _____, _____ of Evangeline/Laguna GP, LLC, a Texas
limited liability company, the general partner of Evangeline Laguna, LP, a Texas limited
partnership, on behalf of said partnership.

Notary Public, State of Texas

Grantee, accepts the attached deed and consents to its form and substance. Grantee acknowledges that the terms of the deed conform with Grantee's intent and that they will control in the event of any conflict with the agreement Grantee signed regarding the Groundwater Rights described in the deed:

GRANTEE:

CITY OF CORPUS CHRISTI,
a home rule Texas municipality

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This Instrument was acknowledged before me on this ____ day of _____, 202____,
by _____, _____ of the City of Corpus Christi, a Texas home
rule municipality, on behalf of said entity.

Notary Public, State of Texas

[Exhibit A (legal description of Real Property) and Exhibit B (Permitted Exceptions as determined pursuant to the Agreement) are intentionally omitted from this Exhibit C to the Agreement but will be inserted by the parties at Closing.]

EXHIBIT D
FORM OF BILL OF SALE

BILL OF SALE

Date: Effective as of [_____]

Seller: EVANGELINE LAGUNA, LP, a Texas limited partnership

Seller's Mailing Address:

5111 Broadway
San Antonio, Texas 78209

Buyer: CITY OF CORPUS CHRISTI, a home rule Texas municipality

Buyer's Mailing Address:

Attn: Peter Zaroni, City Manager
1201 Leopard Street, 5th Floor
Corpus Christi, TX 78401

Consideration: Cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Real Property: See Exhibit A attached hereto.

Transferred Properties: All rights of Grantor in and to any groundwater wells, pumps, motors, well casing, and related equipment drilled, completed, constructed, and installed on the Real Property and owned by Seller in connection with the Groundwater Rights, as such term is defined in that certain Groundwater Rights Special Warranty Deed from Seller to Buyer of even date herewith and recorded in the public records of San Patricio County, Texas (the “Deed”).

Exceptions to Transfer and Warranty: All those Exceptions to Conveyance and Warranty contained in the Deed.

For the Consideration, Seller transfers to Buyer the Transferred Properties, subject to the Exceptions to Transfer and Warranty.

As a material part of the Consideration for this sale, Seller and Buyer agree that Buyer is taking the Transferred Properties “AS IS” and there are no representations, disclosures, or express or implied warranties except as contained in this bill of sale. Buyer has not relied on any information other than Buyer’s inspection of the Transferred Properties.

To have and to hold the Transferred Properties to Buyer, its successors and assigns forever. Seller binds Seller and Seller’s successors and assigns to warrant and forever defend all

and singular the Transferred Properties to Buyer and Buyer's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through or under Seller but not otherwise, except as to the Exceptions to Transfer and Warranty.

[Signature Pages Immediately Follow]

SELLER:

EVANGELINE LAGUNA, LP,
a Texas limited partnership

By: Evangeline/Laguna GP, LLC, its General
Partner

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §

§

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 202____,
by _____, _____ of Evangeline/Laguna GP, LLC, a Texas
limited liability company, the general partner of Evangeline Laguna, LP, a Texas limited
partnership, on behalf of said partnership.

Notary Public, State of Texas

Buyer, accepts the attached bill of sale and consents to its form and substance. Buyer acknowledges that the terms of the bill of sale conform with Buyer's intent and that they will control in the event of any conflict with the agreement Buyer signed regarding the Transferred Properties.

BUYER:

CITY OF CORPUS CHRISTI,
a home rule Texas municipality

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §

§

COUNTY OF NUECES §

This Instrument was acknowledged before me on this ____ day of _____, 202____,
by _____, _____ of the City of Corpus Christi, a Texas home
rule municipality, on behalf of said entity.

Notary Public, State of Texas

[Exhibit A (legal description of Real Property) is intentionally omitted from this Exhibit D to the Agreement but will be inserted by the parties at Closing.]