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 for all rights to Groundwater higher than and including a depth of one hundred seventy-five (175) feet beneath the surface of the Real Property solely for use in connection with the surface of the Real Property as provided in the Reservations below; provided that, such reservation is subject to the Buyer's rights to producing water from the two (2) existing wells located and depicted in the deed, that are being conveyed to Buyer to the extent they are producing water at or above one hundred seventy-five (175) feet. The rights reserved by this provision may not be severed from the surface of the Real Property.

b. Reservation of right to use Groundwater (including the underground water, percolating water, artesian water, and any other water from any and all depths and reservoirs, formations, depths and horizons, in each case, beneath the surface of the Real Property to a depth of one hundred seventy-five (175) feet beneath the surface of the Real Property) 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 materially and adversely affect the production capacity or water quality of the Groundwater.

c. Reservation of right to use Groundwater in connection with any exempt use related to drilling a water well used solely to supply water for a rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Railroad Commission of Texas provided that the person holding the permit is responsible for drilling and operating the water well and the water well is located on the same lease or field associated with the drilling rig 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 do not materially and adversely affect the production capacity or water quality of the Groundwater.

d. Reservation of all rights of ingress and egress to and from the surface estate of the Real Property and all other rights of every kind and character whatsoever to enter upon or use all or any part of the surface of the Real Property for any purposes including for the purposes of exploring or prospecting for or developing, drilling producing, transporting, treating or storing the Groundwater (including the underground water, percolating water, artesian water, and any other water from any and all depths and reservoirs, formations, depths and horizons, in each case, beneath the surface of the Real Property to a depth of one hundred seventy-five (175) feet beneath the surface of the Real Property), or any other purposes incident to the development or production of the Groundwater (including the underground water, percolating water, artesian water, and any other water from any and all depths and reservoirs, formations, depths and horizons, in each case, beneath the surface of the Real Property to a depth of one hundred seventy-five (175) feet beneath the surface of the Real Property), from the Real Property. Buyer will have no right to use or occupy any portion of the surface of the Real Property, except pursuant to a separate written agreement with the Surface Owners of the surface of the Real Property.

1.10. "Groundwater" means all of the underground water, percolating water, artesian water, and any other water from any reservoirs, formations, and horizons beneath the surface of the Real Property, excluding underflow or flow in a defined subterranean channel; provided, however, that the conveyance shall not include and Seller shall reserve from the conveyance the Groundwater higher than and including a depth of one hundred seventy-five (175) feet beneath the surface of the Real Property.

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 or as provided in this Agreement. The Option Fee may be increased

by an additional $500,000.00 (for a total of $1,000,00.00) 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 **Error! Reference source not found.**.

1.18. "Right of Entry Agreements" means all Right of Entry Agreements with the Surface Owners and the Buyer dated on or about the date hereof.

1.19. "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.

1.20. "Surface Use Agreements" means all Surface Use Agreements and Surface Accommodation Agreements more particularly described on **Exhibit B-2** attached, as each is amended and restated by an Amended and Restated Surface Use Agreement – Groundwater Operations in the form attached as **Exhibit B-3**, 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.

1.21. "Title Company" means the title insurance company selected by Seller pursuant to Section 4.1.

1.22. "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").

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 accounts 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, all in accordance with the Right of Entry Agreements. Buyer's access and entry onto the Real Property pursuant to the Surface Use Agreements and Right of Entry 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 the Right of Entry 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, all in accordance with the Right of Entry Agreements:

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 3.3, neither party shall have any further rights or obligations under this Agreement except for those that expressly survive termination. It the event of such termination, the Earnest Money Deposit 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 or which are so waived or deemed waived by Buyer will 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. The parties acknowledge and agree that (i) the applications for the Drilling Permits and Transport Permit have been submitted to and confirmed to be administratively complete by the District, and are expected to be considered for approval by the District by February 6, 2026. The parties further acknowledge and agree that Seller already has the Production Permit. Seller shall exercise its best efforts to secure from the District the Drilling Permits and Transport Permit required by this Agreement during the Permit Period. 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. 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.

5.4. 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 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 fees 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 the earlier of 30 days from expiration of the applicable timeframe or 5 business days prior to the date of Closing, 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 and the Option Fee shall be immediately released to Seller (unless the Option Fee has not yet been remitted to Seller due to the failure to satisfy the condition in Section 6.1.c at such time, in which event the Option Fee also shall be released to Buyer). 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 and Option Fee (regardless of the satisfaction or failure of the satisfaction of item 6.1.c), 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 mortgage, deed of trust, or other financing lien encumbering the Groundwater Rights that 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. Except for the Permit application process issues disclosed by Seller to Buyer in writing (including electronic mail), 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. Except for the Permit application process issues disclosed by Seller to Buyer in writing (including electronic mail), 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; (3) Excepted Uses reserved in the Vesting Deed and Prior Deeds; and (4) 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 and the Option Fee (regardless of the satisfaction or failure of the satisfaction of item 6.1.c) 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 Deposit and Option Fee 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: Nicholas Winkelmann, Interim COO Email: nickw@corpuschristitx.gov
Copy to:	City Attorney Attn: Miles Risley 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.

10.18. Recordation. Buyer shall not record this Agreement or a memorandum or other notice thereof in any public office without the express written consent of Seller. A breach by Buyer of this covenant shall constitute a material default by Buyer under this Agreement.

10.19. Statutory Disclosure Provisions. The following disclosures are made for the purpose of complying with specific statutory provisions of Texas law, and such disclosures are not intended to and do not alter or affect the rights and obligations of Buyer and Seller:

a. Notice Regarding Possible Annexation. If the Groundwater is located outside the limits of a municipality, the Groundwater may now or later be included in the extra-territorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Groundwater is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Groundwater for further information. The complete requirements for the notice may be found at Tex. Prop. Code Ann. § 5.011.

b. DTPA WAIVER OF CONSUMER RIGHTS. BUYER AND SELLER ACKNOWLEDGE THAT THE TEXAS DECEPTIVE TRADE PRACTICES AND CONSUMER PROTECTION ACT (SECTION 17.41 ET SEQ. OF THE TEXAS BUSINESS AND COMMERCE CODE), A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS (THE "TEXAS ACT"), DOES NOT APPLY TO THE SALE OF THE SUBJECT PROPERTY CONTEMPLATED BY THIS AGREEMENT BECAUSE THE CONSIDERATION FOR THE SUBJECT PROPERTY IS GREATER THAN FIVE HUNDRED THOUSAND AND 00/100 DOLLARS ($500,000.00), AND PURSUANT TO SECTION 17.42 OF THE TEXAS ACT, BUYER HEREBY VOLUNTARILY WAIVES ANY RIGHTS THAT IT MAY HAVE UNDER THE TEXAS ACT AFTER CONSULTING WITH LEGAL COUNSEL OF ITS OWN SELECTION.

c. Notice under Texas Real Estate License Act; Deed Restrictions. The Texas Real Estate License Act requires written notice to Buyer that it should have an attorney examine an abstract of title to a Texas property or obtain a title insurance policy. Notice to that effect is, therefore, hereby given to Buyer with respect to this transaction. Seller hereby advises Buyer to review carefully all deed restrictions and similar encumbrances affecting the Groundwater that are indicated by the Title Commitment as obtained by Buyer. The parties further agree that if the Groundwater is located in a city, county or other governmental unit which by law or ordinance requires a closing document listing all deed restrictions and/or similar encumbrances affecting the Groundwater, then at Closing, Buyer and Seller shall execute, acknowledge and record such prescribed closing document.

d. Notice Regarding Possible Liability for Additional Taxes. The following disclosure is made for the purpose of complying with Texas Property Code section 5.010 and is not intended to and does not alter or affect the rights and obligations of Buyer and Seller:

(i) If, for the current ad valorem tax year, the taxable value of the Groundwater is determined by a special appraisal method that allows for appraisal of the Groundwater at less than its market value, then the person or entity to whom the Groundwater is transferred may not be allowed to qualify the Groundwater for that special appraisal in a subsequent tax year and the Groundwater may then be appraised at its full market value. In addition, the transfer of the Groundwater or a subsequent change in the use of the Groundwater may result in the imposition of an additional tax plus interest as a penalty for the transfer or change in the use of the Groundwater. The taxable value of the Groundwater and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the Groundwater is located.

e. Notice to Buyer Regarding Coastal Area Property. Pursuant to the Texas Natural Resources Code, if the Groundwater adjoins and abuts the tidally influenced waters of the state, this information must be disclosed by Seller to Buyer before the transaction closes. The requirements and text of the notice may be found at Tex. Nat. Res. Code Ann. § 33.135.

f. Notice to Buyer of Property Seaward of Gulf Intracoastal Waterway. Pursuant to the Texas Natural Resources Code, if the Groundwater is located seaward of the Gulf Intracoastal waterway to its southernmost point and then seaward of the longitudinal line also known as 97 degrees, 12'19" which runs southerly to the international boundary from the intersection of the centerline of the Gulf Intracoastal waterway and the Brownsville Ship Channel, then this information must be disclosed by Seller to Buyer before the transaction closes. The requirements and text of the notice may be found at Tex. Nat. Res. Code Ann. § 61.025.

g. Storage Tanks Disclosure Provider. If the Groundwater contains an underground storage tank or tank system or an aboveground tank or tank system subject to regulation by the Texas Commission on Environmental Quality, statutory notice must be given by Seller to Buyer prior to closing pursuant to the Texas Administrative Code. The requirements and text of the notice may be found at 30 Tex. Admin. Code Ann. § 334.9.

h. Notice of Unimproved Property in a Certificated Service Area of a Utility Service Provider. The Texas Water Code mandates that if the Groundwater is located in a certificated service area of a utility service provider, statutory notice must be given by Seller to Buyer prior to closing. The requirements and text of the notice may be found at Tex. Water Code Ann. § 13.257.

i. Utility District Notice (Chapter 49 Notice). If the Groundwater is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49 of the Texas Water Code requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this Agreement. The requirements and text of the notice may be found at Tex. Water Code Ann. § 49.452.

j. Notice to Buyer of Property Located in Certain Annexed Water Districts. This form sets out the mandatory notice provisions under the Texas Water Code. If the Groundwater is located in a water or sanitary sewer district that entered into a contract with a city, other than a city with a population of more than one million in a county of more than two and a half million, that allows the city to set rates in the district after annexation that are different from rates charged to other residents of the city, Seller at or before closing must deliver to Buyer a separate written notice, executed and acknowledged by Seller, containing the information in this notice. Buyer must sign the notice to evidence receipt. Texas Water Code Section

49.452(g)-(p) applies to this notice provision, including Buyer's right to seek damages if the sale or conveyance of the Groundwater is not made in compliance with this statute. The requirements and text of the notice may be found at Tex. Water Code Ann. § 54.016(h)(4) and § 49.452(g)-(p).

k. Notice to Buyer That Property Is Located Within the Area of the Alignment of a Transportation Project. Pursuant to the Texas Local Government Code, if the Groundwater is within the area of the alignment of a transportation project, as shown on the final environmental decision document applicable to the future transportation corridor identified in an agreement between the Texas Department of Transportation and the county under Texas Transportation Code Section 201.619, Seller must provide a conspicuous statement in the Agreement. The requirements and text of the notice may be found at Tex. Loc. Gov't Code Ann. § 232.0033.

l. Public Improvement Districts. As a courtesy to Buyer, Seller hereby notifies Buyer as follows:

If the property is located in a public improvement district, then as a Buyer of the Groundwater you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372 of the Texas Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Buyer’s failure to pay the assessments could result in a lien on and the foreclosure of your Groundwater.

[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: Bruce Hill
Title: Manager

BUYER:

CITY OF CORPUS CHRISTI,
a home rule Texas municipality

By: _____
Name: Peter Zanoni
Title: City Manager

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 B-3 – Form of Amended and Restated Surface Use Agreement – Groundwater Operations
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 Deposit in escrow and disburse the Earnest Money Deposit 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 Deposit in escrow and disburse the Earnest Money Deposit as provided in this Agreement.

Mission Title, LP

By:_____

Name:_____

Its: _____

Date:_____

Receipt of the Option Fee 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 Option Fee in escrow and disburse the Option Fee 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, in its capacity as Independent Executor of the Estate of Oakes David Edwards, Jr., Deceased
- Prosperity Bank, in its capacity as Co-Trustee of the Oakes David Edwards, III Son's Trust 1976A
- Prosperity Bank, in its capacity as Trustee of the Jason S. Edwards Son's Trust 1976A
- 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 VAQUERO SOLAR, LLC, as "Solar Developer," filed of record as Instrument No. 748296, Official Records of San Patricio County, Texas.

EXHIBIT B-3

FORM OF

AMENDED AND RESTATED SURFACE USE AGREEMENT – GROUNDWATER OPERATIONS

[Attached hereto]

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

AMENDED AND RESTATED SURFACE USE AGREEMENT – GROUNDWATER OPERATIONS

THE STATE OF TEXAS §

§ **KNOW ALL MEN BY THESE PRESENTS:**

COUNTY OF SAN PATRICIO §

This Surface Use Agreement – Groundwater Operations (this "Agreement") is amending and restating the 2024 Agreement and is made and entered into as of the date set forth below by and between _____("Grantor"), whose address is _____, and **EVANGELINE/LAGUNA, LP**, a Texas limited partnership ("Grantee"), whose address is 5111 Broadway, San Antonio, Texas 78209. Grantor and Grantee may be referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, Grantor is the owner of the surface of certain Property more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property"); and

WHEREAS, Grantee owns the Groundwater in and to the Property pursuant to the terms of the Groundwater Deed; and

WHEREAS, Grantee desires to utilize a portion of the Property in San Patricio County, Texas for the purposes of drilling, testing, equipping and operating one or more water wells, and for such other purposes provided for in this Agreement and in the Groundwater Deed;

NOW, THEREFORE, for Ten and No/100 Dollars ($10.00) and other valuable consideration, including the mutual promises and considerations described herein, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee agree to the following terms and conditions:

Definitions

Agreement means this instrument, together with all exhibits hereto which are incorporated herein by reference.

Authorized Activities means: (a) exploring, investigating, and conducting geological, hydrogeological and geophysical surveys and tests, and drilling, operating for, producing,

sampling, owning and conveying Grantee's interest in the Groundwater underlying the Property (any data compiled or generated from the hydrogeological and geophysical surveys and tests conducted after the Effective Date shall be made available to Grantor but shall otherwise be kept confidential and undisclosed to any third-parties unless Grantor gives its prior written consent to such disclosure by Grantee; any data compiled or generated from the hydrogeological and geophysical surveys and tests conducted prior to the Effective Date may be disclosed to any third-party at Grantee's sole discretion; provided, however, the requirement to keep information confidential shall not apply if this Agreement is assigned to a governmental entity to the extent it must be considered public information); (b) constructing waterworks and fencing, storing water, transporting water, water treatment, laying water gathering and transportation pipelines, constructing electric power lines, installing flow metering and aquifer monitoring devices, using and maintaining selected existing ranch wells for monitoring (conditioned upon receiving prior written approval from Grantor, such approval not to be unreasonably withheld, conditioned or delayed), building storage tanks, establishing power and pumping stations, use of temporary employee and contractor housing during construction operations only (limited to locations on the Property that are approved in writing in advance by Grantor, such approval not to be unreasonably withheld, conditioned or delayed), designated roads, and other structures on the Property or thereunder that are necessary in Grantee's operations to find, produce, sever, save, care for, measure, store, treat, transport and sell Groundwater from the Property; (c) performing maintenance activities on the above-listed facilities as required; and (d) exercising rights of ingress and egress over the Property to the extent necessary to conduct the foregoing activities from and over the Property within the Operations Area.

Deer Season means the white-tailed deer season from October 1st to the last day of the immediately following February as promulgated by the Texas Parks & Wildlife Department for the Managed Lands Deer Program.

Designated Entrance is defined in Section 7.A of this Agreement.

Election Notice and **Election Notice Deadline** are defined in Section 4.B of this Agreement.

Essential Equipment is defined in Section 4.B(i) of this Agreement.

Financing Party is defined in Section 14 of this Agreement.

Groundwater has the meaning assigned to such term in the Groundwater Deed.

Groundwater Deed means that certain (i) Fee Simple Determinable Groundwater Rights Warranty Deed between _____, as grantor, and Evangeline Water, LP, as grantee, dated April 6, 2018, and recorded as Document Number _____ in the Official Public Records of San Patricio County, Texas, as amended and restated by that certain Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between _____, as grantor, and Evangeline Water, LP, as grantee, and recorded as Document No. _____ in the Official Public Records of San Patricio County, Texas; and (ii) Fee Simple Determinable Groundwater Rights Warranty Deed between Evangeline

Water, LP, as Grantor, and Evangeline/Laguna, LP, as Grantee, dated April 9, 2018, and recorded as Document Number 676625 in the Official Public Records of San Patricio County, Texas, as corrected by that certain Correction Fee Simple Determinable Groundwater Rights Warranty Deed dated as of April 6, 2018, recorded as Document Number 689832 in the Official Records of San Patricio County, Texas, and by that certain Correction Fee Simple Determinable Groundwater Rights Warranty Deed dated as of April 6, 2018, recorded as Document Number 689831 in the Official Records of San Patricio County, Texas, as amended and restated by that certain Amended and Restated Groundwater Rights Warranty Deed dated as of even date herewith, by and between Evangeline Water, LP, as grantor, and Evangeline/Laguna, LP, as grantee, and recorded as Document No. _____ in the Official Public Records of San Patricio County, Texas.

Lienholder is defined in Section 2.F of this Agreement.

Non-Essential Equipment is defined in Section 4.B(i) of this Agreement.

Operations Area has the meaning assigned to such term in Section 2.C of this Agreement.

Operations Hours means Monday through Friday 9:00 a.m. to 4:00 p.m. Central Time, unless during construction, delivery or emergency operations or scheduled maintenance activities.

Partnership Agreement means that certain Amended and Restated Agreement of Limited Partnership of Evangeline/Laguna, LP dated effective March 27, 2018.

Project Area means the real property in San Patricio County, Texas described or depicted on Exhibit "B", attached hereto and incorporated herein.

Reserved Water Rights has the meaning assigned to such term in Section 3.A of this Agreement.

Sanitary Control Easement has the meaning assigned to such term in Section 11 of this Agreement.

SUA is defined in Section 3.C of this Agreement.

Term is defined in Section 4.A of this Agreement.

Water Authority means any of the San Patricio County Groundwater Conservation District, The Texas Water Development Board, the applicable regional Groundwater management planning authority, and/or any other federal, state or local governmental body having jurisdiction over the exploration for, production, transportation and/or sale of Groundwater.

Agreement

1. Grant/Authorized Activities. Provided such rights are exercised in a manner so as to not unreasonably interfere with Grantor's existing use of the Property at the time of exercise of the rights by Grantee, and subject to the terms and conditions of this Agreement, Grantor does hereby grant unto Grantee the right to use and occupy the Property for the sole purposes of conducting

Authorized Activities on up to twelve (12)[1] exclusive Operations Areas, together with a non-exclusive easement for access, improvements and other Authorized Activities over, upon and under the Property in accordance with the terms of this Agreement. Grantee's access and all rights herein shall be limited to Grantee and essential personnel necessary to conduct Authorized Activities.

2. **Surface Locations for Wells and Facilities**.

A. Grantee, upon its election and upon payment to Grantor of the consideration set forth herein, may designate and use all or any of the water well sites at the locations on the Property identified on Exhibit "C" attached hereto and incorporated herein by reference as further detailed in the drilling permit applications submitted to the San Patricio County Groundwater Conservation District on December 11, 2025, or any amendments thereto (the "**Well Sites**"). Each Well Site shall be comprised of up to two (2) acres of the Property, surrounding and centered on each water production well drilled by Grantee pursuant to this Agreement. Grantor further grants a Sanitary Control Easement for each well as provided in Section 11 herein. After the construction of an Operations Area, Grantee agrees to fence only an area reasonably necessary for Authorized Activities. In no instance shall Grantee use an Operations Area for permanent storage of equipment or chemicals or permanent housing or office space for employees. Grantee is prohibited from storing, even temporarily, hazardous chemicals on any of Grantor's Property, including but not limited to the Operations Area, provided, however, that "hazardous chemicals" shall not include any chemicals used or needed for Authorized Activities.

B. It is recognized by Grantor that the Grantee may determine that it is appropriate for the prudent operation of the Authorized Activities that it build a Major Project on the Property including a pump station and/or central water storage, deep injection wells, desalination, reverse osmosis or treatment facility, including necessary tanks and equipment for support of Authorized Activities conducted thereon ("**Major Project**"). The Parties agree that one location for a Major Project may be placed on the Property at a location approved and designated by Grantor and identified in Exhibit "B". The price per acre for the Major Project is set forth in Section 9 below. The Parties further agree that the Major Project must not consist of anything higher than fifty (50) feet from the surface, without the written consent of Grantor. Grantee shall also mutually agree with Grantor regarding lighting, signage, paint color, and landscaping around the Major Project necessary to keep the ranch aesthetic. Additionally, the Parties agree that any materials removed, separated, used or otherwise created as part of Authorized Activities shall not be disposed on, under, or above the Property without Grantor's written consent. In the event a Major Project is constructed, Grantor will be entitled to compensation for the acreage used, actual damages incurred during construction and use of any temporary workspace

[1] NTD: To be adjusted per SUA.

easements required for construction in accordance with the compensation provided for in Section 9 of this Agreement.[2]

C. The designated areas comprising each Well Site around each well and/or other surface facility, including any Sanitation Control Easement area, located on the Property will be considered an "**Operations Area**" for purposes of this Agreement. Except for the Well Sites, Grantor and Grantee must mutually agree in writing as to the locations of all Operations Areas. Grantee shall have an exclusive easement and rights of possession of such Operations Areas subject only to Grantor's right to inspect such Operations Areas, which right may be exercised by Grantor upon at least forty-eight (48) hours prior written notice to Grantee and affording Grantee the opportunity to be present during such inspection. Grantee shall have a non-exclusive easement and rights of possession to any areas containing pipelines, electric lines, access roads and related infrastructure used in support of its Operations Areas. Grantor and Grantee agree to memorialize the location of and Grantee's use of Operations Areas, pipelines, electric lines, access roads and related infrastructure in an amendment to this Agreement that recognizes the above easement rights of Grantee within each such area, a Memorandum of which is to be recorded in the Official Public Records of San Patricio County, Texas. Upon the mutual agreement of the location of the Operations Areas, pipelines, electric lines, access roads and/or related infrastructure and Grantee's delivery of an amendment to this Agreement with the metes and bounds description of said locations, Grantor shall execute and acknowledge such amendment and Memorandum and promptly return it to Grantee for public recording. If at the time of public recording of such amendment there exists a lienholder or other security interest which would otherwise be superior to the easement rights of Grantee in such amendment, Grantor shall use reasonable commercial efforts to cause such lienholder or holder of the security interest to subordinate its lien or security interest to the easement rights, of public record.

D. No water well may be drilled, or other surface facility may be located, nearer than one thousand feet (1000') from any existing occupied house or residential building located on the Property at the time Grantee files for permits for constructions of water wells without Grantor's prior written consent.

E. At least 30 days prior to commencing construction of any Operations Area or related infrastructure on the Property, Grantee shall submit a development plan to Grantor detailing the location and specifications for such proposed Operations Areas, ingress and egress locations, temporary construction easements, pipelines, electric lines, access roads and related infrastructure to Grantor for its review. Grantor and Grantee must mutually, reasonably and promptly agree in writing as to the locations of all surface facilities to be constructed pursuant to this Agreement, along with the locations of pipelines, electric lines and access roads to be used by Grantee. Grantor will not unreasonably withhold, delay or condition consent to proposed locations submitted by Grantee, provided Grantor may

[2] NTD: The "Major Project" provision and Exhibit would be removed from the Hughes/Hamilton and Edwards SUAs.

withhold consent to such locations that interfere with Grantor's existing use of the Property at the time the locations are proposed, and/or such locations that interfere with the pre-existing rights of third parties to use the surface of the Property.

F. Grantor represents that there are no existing lienholders which hold a lien or security interest which is superior to this Agreement. Grantor will undertake reasonable commercial efforts, at no cost to Grantor, to cause any future lienholder holding a security interest in the Property (whether one or more, the "**Lienholder**") to acknowledge the subordination of its interest in the surface of the Property to the rights of Grantee hereunder. To the extent permitted by law, this Agreement will survive any foreclosure of such lien or secured interest. Additionally, any sale of a portion of the surface Property shall be subject to the terms of the Agreement and the rights granted hereunder. Grantor agrees to subordinate any liens afforded to Grantor pursuant to this Agreement to any existing or future liens and security interests encumbering the Groundwater securing indebtedness obtained by Grantee, and Grantor further agrees to execute and deliver to Grantee any agreements, estoppels or notices that may be reasonably requested by Grantee or any mortgagee of the Groundwater to evidence, affirm or confirm such subordination.

3. <u>Reservations.</u>

A. Grantor, for itself and its successors and/or assigns, reserves and excepts from this Agreement any and all rights to water, including Groundwater, previously reserved by Grantor in the Groundwater Deed (the "**Reserved Water Rights**"); provided, however, Grantor will not sell water produced from the Reserved Water Rights to third parties, except for water that is used on the Property for oil and gas exploration and production operations, existing contemporaneously with this Agreement or in the future, in accordance with Section 36.117(b)(2) of the Texas Water Code, provided that such use does not materially affect the production capacity or water quality of the Groundwater. Grantee further agrees that it will not produce water from new wells on the Property at a depth above one hundred and seventy-five feet (175') feet below the surface. **GRANTOR, FOR ITSELF AND ITS PARTNERS, HEIRS, SUCCESSORS AND ASSIGNS, HEREBY WAIVES ANY AND ALL CLAIMS OR LOSSES RELATED TO ANY DEPLETION OF THE WATER IN, ON OR UNDER THE PROPERTY, INCLUDING ANY DEPLETION OF SURFACE WATER, GROUNDWATER AND/OR THE RESERVED WATER RIGHTS.**

B. Grantor, for itself and its partners, heirs, successors and/or assigns, reserves the concurrent right to use all or any portion of the surface of the Property located outside of Grantee's Operations Areas for any and all purposes while this Agreement remains in effect, provided any such use must not unreasonably interfere with Grantee's conduct of Authorized Activities within the Operations Areas, access to the Operations Area, or with any other rights of Grantee provided for in this Agreement.

C. This Agreement is delivered expressly subject to the rights of any and all third parties in and to oil, gas and minerals underlying the Property, together with the rights of

such parties to explore for, develop, produce, extract, process and transport such oil, gas and minerals. Grantor, with respect to mineral rights owned by Grantor shall use reasonable efforts to negotiate a surface use agreement (an "**SUA**") with the lessee in connection with any future oil and gas lease entered into by Grantor affecting the Property, and Grantor shall incorporate or cause to be incorporated the covenants and restrictions described in Section 10 as enforceable restrictions on the lessee's operations on the Property.

D. This Agreement is subject to all matters of record in San Patricio County, Texas that are still valid and existing, relating to, or affecting the Property, or any portion thereof, and to all matters that may be apparent from a visual inspection of the Property.

4. Term.

A. The term of this Agreement (the "**Term**") shall commence on the Effective Date and remain in full force and effect until the later of: (i) the date of occurrence of an event triggering the winding up of Grantee pursuant to the Partnership Agreement; or (ii) the date of termination of all Authorized Activities on the Project Area by a party authorized to perform Authorized Activities. Upon the expiration of the Term, this Agreement will terminate automatically, provided all obligations that expressly survive termination will remain enforceable as provided herein.

B. Upon notice of termination of this Agreement, which shall include inventory of Essential and Non-Essential Equipment, Grantor or its designee will have the right, but not the obligation, to take over operation of one or more water wells and/or electric lines owned by Grantee or Grantee's successor in interest then operated by Grantee by providing written notice of its decision (the "**Election Notice**") to Grantee within ninety (90) business days of the notice of expiration of the Term (the "**Election Notice Deadline**"), it being understood by Grantor and Grantee that certain third-party entities may own infrastructure in the Project Area which is not subject to this right; Grantor shall be deemed to have declined to exercise such right if it fails to provide an Election Notice within such ninety (90) business day period.

(i) In the event Grantor timely exercises such right, Grantor shall purchase all equipment owned by Grantee affixed to, and/or necessary for operation of, the well(s), excluding down-hole pipe or casing or other buried pipelines and electrical lines (the "**Essential Equipment**"), and will have an option to purchase any or all other equipment owned by Grantee and situated on the Operations Area(s) used in connection with the operation of the Wells (the "**Non-Essential Equipment**"); any Non-Essential Equipment that Grantor intends to purchase shall be identified in the Election Notice. Grantor must purchase all Essential Equipment, any Non-Essential Equipment it has elected to purchase, and appurtenances thereto within one hundred and twenty (120) days of delivery of the Election Notice, all at the fair market value of such equipment at the time of the Election Notice Deadline, less the estimated costs to plug and abandon the well(s), as indicated in a written, third-party proposal

submitted by a recognized plugging contractor. Grantee will, within one hundred and twenty (120) days of the Election Notice Deadline, leave the Operations Area(s) in its present condition, free of trash and debris, removing all Non-Essential Equipment that Grantor has decided not to purchase.

(ii) In the event Grantor exercises its option to take over one or more wells upon termination of this Agreement, (i) Grantee will execute any and all forms or instruments as may be required by any Water Authority in order to transfer operations of the well(s) to Grantor or its designee, and (ii) Grantor will execute an instrument releasing Grantee from any and all claims, demands, damages, actions, causes of action, or suits in equity, of any kind or nature, arising out of operation of the well(s) on or after the date Grantor assumes possession of the well(s). In the event Grantor elects (or is deemed to have elected) not to take over operation of the wells, then Grantee shall, within ninety (90) days of receipt of the Election Notice Deadline, remove all Essential Equipment and Non-Essential Equipment from the Operations Area and plug and abandon the wells in the manner prescribed by applicable regulations and/or by any Water Authority.

5. <u>Permits.</u> Prior to conducting any Authorized Activities pursuant to this Agreement, Grantee agrees to obtain any and all permits and authorizations required by the Water Authorities and to pay all fees, payments and expenses associated with such permits and authorizations. At all times while this Agreement remains in effect, Grantee must conduct Authorized Activities in accordance with such permits and authorizations, and must maintain such permits and authorizations in full force and effect, all at Grantee's sole expense.

6. <u>Grantee's Obligations/Operations Areas.</u>

A. Except in the event of bona fide emergency, in which Grantee will provide reasonable prior notice to Grantor, Grantee agrees to provide written notice to Grantor at least twenty (20) days prior to commencement of any non-routine Authorized Activities on the Property, identifying the approximate date of commencement of operations, the nature of operations to be conducted, and the estimated duration of such operations. Grantee agrees to provide like notice in each instance prior to commencing the drilling of each well or any other major construction operation on the Property. In the case of a bona fide emergency, Grantee will call or text the designated Ranch Manager, or any other person designated in writing by Grantor, as soon as reasonably practicable to notify Grantor of the entry upon Grantor's Property and the nature of the emergency.

DESIGNATED RANCH MANAGER:	<u>Rob Thomas</u>[3] 361-537-1440 rob@ambroseconcrete.com
Alternate Contact:	Richard Thomas 361-815-7299

[3] NTD: To be adjusted per SUA.

B. Grantee shall clear and remove or mulch and spread any and all brush or other foliage, including trees (no greater than 10 inches in diameter or 4.5 feet from the ground "DBH"), from the Operations Areas as may be reasonably necessary for the conduct of Authorized Activities. Grantee shall also mulch or clear and remove brush, foliage and trees (no greater than 10 inches in DBH) in connection with the construction of roads and/or pipelines authorized under the terms of this Agreement. Grantor and Grantee acknowledge that Grantor shall be entitled to additional surface damages if Grantee removes trees with a DBH greater than ten (10) inches. Grantee agrees to provide prior written notice of intent to intentionally remove any trees greater than 10 inches in DBH, to allow parties to calculate the damages that follow. Actual damages for removal or damage to all trees with a DBH greater than 10 inches will be calculated as per the formula promulgated by the Texas A&M Forestry Service and paid to Grantor prior to the removal of any tree in the case of a permitted removal and within thirty (30) days of written demand by Grantor in the case of damage to a tree with a DBH greater than ten (10) inches. The current formula promulgated by the Texas A&M Forestry Service is: $0.7854\ (DBH)^2 \times (\$36/in^2)$ = dollar value of the tree. The formula promulgated by the Texas A&M Forestry Service when the damage occurs shall control.

C. Grantee has the obligation to construct a fence around the perimeter of each Operations Area. Any such fence, subject to any applicable regulations, will be constructed using materials, and to specifications, consistent with existing fences on the Property in the vicinity of the Operations Area, as reasonably approved in advance by Grantor.

D. Grantee agrees to maintain each Operations Area in a clean and neat condition at all times while this Agreement remains in effect, free from litter, debris, materials or equipment, except for such materials and equipment as may be necessary for the conduct of Authorized Activities. All tanks, facilities, equipment and structures will be regularly painted and maintained by Grantee. Grantor shall have the right to dictate the color of the painted equipment and structures so as to maintain an esthetically consistent look. In the event Grantee fails to keep the Operations Areas or any portion of Grantor's Property free of litter or trash (including unused equipment and surplus materials), Grantor may provide written notice of default to Grantee pursuant to the provisions of this Agreement. In the event Grantee fails to cure such default to Grantor's reasonable satisfaction within the time period specified in Section 15.A below, Grantee will pay Grantor an amount equal to Five Hundred Dollars ($500.00) per day thereafter until all such litter, trash, unused equipment and/or surplus materials have been removed from the Operations Area, it being understood that Grantor's damages are difficult to ascertain with reasonable certainty and such amount represents liquidated damages and not a penalty, together with such other amounts that may be due and payable pursuant to Section 15.A., which aggregate amounts shall be payable within thirty (30) days after Grantee's receipt of a reasonably detailed invoice thereof from Grantor.

E. Unless otherwise agreed to in writing by the Parties, within a reasonable time after completion of each fully-constructed water well or other operations within the Operations Areas, not to exceed one hundred eighty (180) days, Grantee shall level all dumps, remove all debris and all Grantee's equipment and materials not necessary for the conduct of Authorized Activities, and restore the surface of the Operations Area to substantially the same condition as it was before the commencement of such operations. All contaminants and hazardous materials will be promptly removed from the Property, unless such "contaminants and hazardous materials" are used or needed for Authorized Activities. Grantee shall have no right to dig any pits on said Property except with Grantor's prior written consent, not to be unreasonably withheld, conditioned or delayed. If consent is given, all pits or openings shall be fenced and/or barricaded during all unattended activities. Grantee must fill and level all pits, ruts, mounds, and restore the surface of the Property to as near its original condition, including but limited to sprigging the surface with a coastal Bermuda grass, as is reasonably practicable within one hundred eighty (180) days of completion of each fully-constructed well, or within sixty (60) days of completion of any other construction activity authorized herein, as applicable. For all ongoing operations relating solely to routine maintenance, current production and other non-emergency operations conducted during Deer Season, Grantee is prohibited from entering and being present on the Property, except during an emergency, prior to 9:00 a.m. Central Time or after 4:00 p.m. Central Time Daily. The provision of this paragraph related to Deer Season shall not apply to drilling or re-working operations, emergencies or similar non-routine operations or emergency maintenance. If Grantee violates this provision, it shall pay Grantor Five Hundred Dollars ($500.00) per violation, with a maximum of one (1) such violation per calendar day, which amounts shall be payable within thirty (30) days after Grantee's receipt of a reasonably detailed invoice thereof from Grantor.

F. Grantee agrees at all times to use reasonable care to prevent injury or damage to the crops, pasture grasses, livestock, game animals, buildings, water wells, tanks, irrigation equipment or other property or improvements on the Property outside of Operations Areas. Grantee shall take all reasonable steps necessary to avoid any unnecessary damage to any oak mottes, ornamental or large trees (greater than ten (10) inches DBH) on the Property outside of Operations Areas. Grantee agrees in all other respects, to take all reasonable steps necessary to prevent or minimize the damage or injury to Grantor, or its property, resulting from Grantee's operations hereunder, and Grantee agrees to pay Grantor or its tenants for damages to the surface of the Property, improvements, pasture grasses, roads, growing crops and livestock situated thereon, and any other personal property or real property of Grantor or its tenants occasioned by, arising out of, or resulting from operations by Grantee to the extent occurring outside of the designated Operations Areas, which amounts shall be payable within thirty (30) days after Grantee's receipt of a reasonably detailed invoice thereof from Grantor. Notwithstanding the above, it is understood and agreed that Grantor has been compensated for (i) all customary and usual damages caused to lands within the Operations Areas by the Surface Damages reflected in Section 9 below, and (ii) all customary and usual damages to lands outside the Operations Areas resulting from the use of easements in support of construction, operation, maintenance, repair,

replacement and removal of infrastructure pursuant to those activities which are referenced in Section 9 below. However, the compensation contemplated in Section 9 does not cover actual damages to Grantor's livestock, game animals, wildlife, wild game, exotic animals, equipment, personal property or fixtures to the extent caused by Grantee or its representatives.

G. Neither Grantee nor its agents, servants, invitees, employees, independent contractors, or anyone connected with Grantee's operations shall have any right to fish, hunt or trap any animals on or from the Property, and no firearms of any kind or any implements designed to be used in hunting or trapping game shall be brought by them on the Property or any private road leading to or from the Property across property in which Grantor has an interest. Grantee shall take reasonable steps to prevent anyone entering the Property in connection with Grantee's operations under the terms of this Agreement from disturbing livestock, fishing, hunting or shooting at or killing or photographing wild game, wildlife or exotic animals or bringing or keeping any type of dog, livestock, or other animal on the Property. Upon reasonable suspicion of Grantee's violation of this Section 6.G, Grantor's representative may inspect, for firearms, implements designed for hunting, livestock and/or dogs, any vehicle entering the Property or any other property in which Grantor has an interest. For each separate violation of this paragraph by any person entering upon the Property in connection with Grantee's operations thereon, Grantee shall pay to Grantor the amount of Ten Thousand Dollars ($10,000.00), it being understood that Grantor's damages are difficult to ascertain with reasonable certainty and such amount represents liquidated damages and not a penalty. Grantee agrees to inform all of its employees, servants, agents, subcontractors and invitees of the terms and provisions of this subparagraph prior to allowing any such parties to come upon the Property by virtue of this Agreement. If any person employed by Grantee or by any contractor or subcontractor of Grantee violates the provisions of this Section 6.G, Grantor may, with specification of cause, notify Grantee that such person shall thereafter be prohibited from entering the Property. Within ten (10) days after the date of delivery of such notice, Grantee shall comply with the request of Grantor and prohibit such person from thereafter entering the Property.

H. Grantee agrees that it will not cut or go over any fence or fences of Grantor at any time or in connection with any operations on the Property without first obtaining Grantor's express consent thereto in writing, which consent shall not be unreasonably withheld, conditioned or delayed. If Grantor consents to the cutting of a fence, the cuts must be made at the place designated by Grantor, and Grantee agrees, prior to cutting any fence of Grantor, to brace the existing fence adequately on both sides of the proposed cut so that when the fence is cut there will be no slackening of the wires. If Grantor determines that slackening of wires occurs as the result of any approved fence cut, Grantee shall be required to replace the section of fence so affected from corner post to corner post, utilizing identical materials to those contained on the fence so cut. If the fence cut is an outside fence of Grantor, Grantee agrees, promptly after making such cut, to install and maintain a railroad iron sixteen (16) foot cattle guard capable of turning cattle. A sixteen (16) foot galvanized

welded pipe gate shall be installed across said cattle guard, and when not in actual use the gate shall be kept locked. Grantor may install its own lock in addition to Grantee's lock on said gate. If the cut in such fence is on an interior fence of Grantor, Grantee agrees to install a railroad iron sixteen (16) foot cattle guard with a swinging gate in such opening. Upon termination of this Agreement, or the portion thereof on which any cattle guard and gate are located, such cattle guard and gate shall become the property of Grantor free of charge. So long as this Agreement shall remain in force, such gates and cattle guards shall not be removed but shall be maintained in good condition and repair, capable of turning cattle. Grantee agrees to promptly close all gates and lock all outside gates which Grantee and Grantee's agents, servants, employees, guests, invitees, or independent contractors may use in Grantee's operations on the Property to prevent the escape of livestock, wildlife, game animals, or exotic animals through any open gate. Because monetary damages for Grantee's failure to close and/or lock a gate are difficult to ascertain with any certainty, it is agreed that Grantee shall be liable to Grantor for liquidated damages in the amount of Five Hundred Dollars ($500.00) for each failure by Grantee, its agents, employees, guests, invitees or independent contractors to close and lock any gate, which amount shall be due and payable thirty (30) days after Grantor's submission of proof thereof; provided that Grantor promptly notifies Grantee of such violation. In addition, if livestock, wildlife, game animals, or exotic animals or game animals are lost, injured or killed because of Grantee's failure to close or lock any gate as required by this paragraph, Grantee shall pay to the Grantor or its tenant two (2) times the fair market value of the livestock, wildlife, game animals, or exotic animals so lost, injured or killed, based on the value determined by a third-party appraiser mutually agreeable to by Grantor and Grantee, which amounts shall be payable within thirty (30) days after Grantee's receipt of a reasonably detailed invoice thereof from Grantor based upon such third-party appraisal.

I. Grantee shall remove all stakes, posts, welding rods and parts thereof, pipe coating material, paper, rubbish and all other material which Grantee, its servants, agents, employees, contractors or subcontractors may have put upon the Property, excluding any equipment and materials actively used in conducting Authorized Activities. Grantee shall not bury or burn any trash, debris or material of any nature on the Property. No oil spill, grease or fuel of any kind shall be dumped upon the Property. Grantee shall not bring nor allow any hazardous materials to be brought on to the Property, provided, however, that "hazardous materials" shall not include any materials used or needed for Authorized Activities. Grantee shall allow Grantor two (2) unscheduled visits to any Operations Area while Grantee is present on-site in order to bring a geotechnical investigative service selected by Grantor in order to sample and test any and all chemicals present in any Operations Area, including vehicles and soils. Grantee agrees to reimburse Grantor for the costs associated with this visit and test, up to Two Thousand Dollars ($2,000.00) per visit. Notwithstanding the foregoing sentence, Grantor, along with any qualified third-parties, shall always be allowed to visit and inspect an Operations Area while Grantee is present on-site after any spill, incident, or recordable event. Grantee shall never unreasonably impede Grantor's ability to access any Operations Area for the purposes of entering any

Operations Area to retrieve livestock, confirm any spill, incident or recordable event and conducting remediation therein, if necessary.

J. If any pumps, blowers, compressors, and/or other sound producing equipment permanently located on the Property produce noise exceeding seventy (70) decibels, as measured at either a distance of five hundred (500) feet from the noise source or at any existing residence located on the Property, whichever measure is closer to the noise source, as of the date hereof and as depicted on the map attached hereto and incorporated herein as Exhibit "B", for a sustained time period of more than twelve (12) hours in a calendar month, Grantee shall, within thirty (30) days of receipt of Grantor's written request and designation of such equipment for sound abatement mitigation, equip any so designated equipment with mufflers, sound walls, baffles, gas blow-down silencers, low-noise ancillary equipment, acoustical piping blankets and/or acoustically insulated compressor buildings, or other sound reduction equipment commercially available in order to reasonably mitigate noise from the equipment.

K. Grantee agrees to not install or affix any exterior light fixtures on any Operations Area or the Major Project, unless same is required by federal, state, or local regulations. In the event exterior light fixtures are required by federal, state, or location regulations, Grantee agrees to utilize the minimum lumens required under the code and agrees to reasonably shield the lighting to minimize visibility outside the necessary area. In times of a bona fide emergency, Grantee shall use temporary lighting.

L. Grantee agrees to maintain a six (6) foot hurricane wire perimeter fence for each Operations Area and to close and secure all gates on the perimeter fence so as to prevent cattle and other livestock from entering on to an Operations Area. Grantor may provide written notice of default to Grantee pursuant to the provisions of this Agreement. In the event Grantee fails to commence to cure such default to Grantor's reasonable satisfaction within the time period specified in Section 15.A below, Grantee will pay Grantor an amount equal to One Thousand Dollars ($1,000.00) per day thereafter until the perimeter fence of the Operations Area is repaired or replaced so as to prevent cattle and other livestock from entering on to an Operations Area, it being understood that Grantor's damages are difficult to ascertain with reasonable certainty and such amount represents liquidated damages and not a penalty, together with such other amounts that may be due and payable pursuant to Section 15.A., which aggregate amounts shall be payable within thirty (30) days after Grantee's receipt of a reasonably detailed invoice thereof from Grantor. Grantee will pay Grantor an amount equal to Five Hundred Dollars ($500.00) per occurrence of cattle or other livestock entering onto an Operations Area because the perimeter gate was left open by Grantee; said amount is payable thirty (30) days after Grantor notifies Grantee of such violation by submitting a picture of an open perimeter gate. Grantee acknowledges and understands the emergency nature of cattle and wildlife retrieval out of each Operations Area and the danger that could exist without prompt retrieval; therefore, the Parties agree that Grantor has the right to retrieve and remove any wildlife, cattle, or other animals that manage to enter any Operations Area.

7. <u>Ingress/Egress</u>.

A. Grantee agrees that it only will use the ingress and egress designated by Grantor for entering upon and exiting the Property, at the designated and pre-approved point of access as depicted on <u>Exhibit D</u> attached hereto (the "**Designated Entrance**") for ongoing operations relating solely to routine maintenance, current production and other non-emergency operations. Also, Grantee agrees that only essential and necessary persons for operations of Authorized Activities on the Property shall be allowed ingress and egress. Furthermore, when traveling on the Property, Grantee may only use existing roads approved by Grantor or new roads constructed by Grantee, and Grantee must obtain Grantor's prior written consent to the location of any new roads to be constructed on the Property. The Designated Entrance will be constructed or upgraded as the case may be with a gravel base. Grantee will install a railroad iron sixteen-foot (16') cattle guard with a swinging gate at every intersection of the Designated Entrance and an existing interior cross fence. On one side of each such cattle guard, Grantee will install a sixteen-foot (16') galvanized welded pipe gate. Grantee will post on the Designated Entrance, at Grantee's expense, speed limits signs, posting a maximum speed allowable of twenty (20) miles per hour. At all times, Grantee, its employees, servants, agents, subcontractors and invitees will limit their speed to twenty (20) miles per hour. Grantor will designate routes for Grantee's purposes consistent with the terrain of the Property, preservation of natural habitat and of improvements, and the conduct of Grantor's and its tenants' commercial, ranching, hunting, residential, wildlife and habitat preservation and recreational activities. Grantee further agrees for itself and for all persons entering or leaving the Property in connection with Grantee's operations hereunder that it shall keep all outside and interior gates along the route or routes designated for such use securely closed (and locked when designated by Grantor to be locked) except immediately before and immediately after each separate use, and further agrees that it will promptly repair any gate, fence, or other improvement that may suffer damage or injury by reason of Grantee's operations hereunder. Grantee further agrees that it will maintain approaches, gates, cattle guards, and roadways used in connection with its operations in a good state of repair and will promptly cause to be repaired and restored any damage thereto occasioned by or resulting from Grantee's operations. As to existing roadways used by Grantee during the term of this Agreement, Grantee shall at reasonable intervals and as weather permits maintain such roadways which shall include, but shall not be limited to, the regular grading of the roads, the repair of any rutting or subsidence caused or exacerbated by Grantee's use of such roads, and all other maintenance activities necessary to preserve the roadways in their current condition as of the date of this Agreement or in any improved condition to which such roadways may at any time subsequent to the date of this Agreement have been upgraded. The maintenance obligations described herein will extend to any new roads constructed by Grantee hereunder in the same manner as such obligations apply to existing roadways. Grantee's right to use existing roads and/or new roads constructed by Grantee are non-exclusive, and Grantor, its successors and assigns retain the right to use all roads now or hereafter located on the Property, provided Grantor's use of any new roads

constructed by Grantee hereunder will not damage such roads, normal wear and tear excluded, or otherwise materially interfere with Grantee's right to use such roads.

B. Grantee agrees to keep the construction of new roads to a minimum and avoid double roads to Operations Areas, and in connection with roads constructed by Grantee, Grantee agrees to surface such roads constructed by Grantee in such a manner that they will classify as "all weather" roads of gravel or other similar material resulting in a substantial surface, and further agrees to construct such diversion terraces or take such other actions as may be reasonably necessary to reduce soil erosion and particularly to prevent sand dune formation. Any new roads constructed on the property will conform to the specification in **Exhibit E.** If Grantor shall desire or Grantee shall elect, on all such new roads Grantee may also install and maintain substantial iron cattle guards capable of turning cattle in substitution for any gates on the Property which Grantee uses.

C. Grantee shall install adequate bridges or culverts wherever any road construction by it crosses a natural stream or drainage, and agrees to maintain in good condition all such bridges and culverts installed by it, as well as all bridges and culverts used by it and at any time installed upon the Property. Such roads shall be constructed so as not to interfere with the natural flow of surface waters or with any drainage.

8. <u>Pipelines/Electric Lines</u>.

A. After advance notice to Grantor, Grantee shall have the right to construct water pipelines and electric lines at the locations reasonably and promptly agreed to by Grantor and Grantee in writing on the Property in connection with Groundwater production from the Property; provided, however, that Grantor, notwithstanding anything contrary in this Agreement, shall not unreasonably withhold, condition or delay its consent to the installation, operation, maintenance, repair or replacement of any water pipelines used for transportation of water within the Project Area or for the purpose of delivering water to or from the Mary Rhodes Pipeline. Grantee agrees to bury all water pipelines to a depth of not less than forty-eight inches (48") below the surface of the ground so as not to interfere in any way with the clearing or cultivation of such Property. If allowed by applicable law, Grantor will designate up to [eighteen (18)][4] locations where Grantee shall install electric junction boxes at the sole expense of Grantor where Grantor has immediate access to three-phase electricity if available, provided that Grantor will have a separate meter for its own usage at Grantor's own expense and Grantor shall pay for any transformer if power is medium voltage (4,160 volts). In the event of any excavation in connection with water pipelines or electric lines, all topsoil will be removed and stacked separately from the subsoil. As the trench is backfilled, the subsoil will be replaced over the pipe and pipe bedding and all topsoil will be placed on top of the subsoil, commonly referred to as the double-ditch method. All of the backfill material will be compacted to restore the Property, as much as practical, to its original condition. Furthermore, when the disturbed area is backfilled, Grantee will crown the cover appropriately to allow for natural leveling over

[4] NTD: To be adjusted per SUA.

time. If at any time while this Agreement remains in effect, the soil should settle, wash or erode causing a depression over the pipeline or electric line, Grantee shall level such depression and smooth the surface to substantially the same level as existed before construction. At any time and from time to time while this Agreement remains in effect, upon reasonable request of Grantor, Grantee agrees to correct, level and restore to the original ground level any further settlement of the soil that may occur following the previous filling or leveling of the same, so as to fully restore and maintain the surface of the Property and to protect the Property against erosion.

B. Within ninety (90) days following construction of any pipeline or electric lines authorized in this Agreement, Grantee must provide Grantor with a written metes and bounds description and plat of the route of the pipeline and electric lines, prepared by a licensed surveyor. The easement documents will be recorded in the County records. The nonexclusive easement for water pipelines shall not exceed fifty feet (50') in width. The nonexclusive easement for electric lines shall not exceed thirty feet (30') in width and be dedicated directly to AEP Texas. During the period of initial construction of each water pipeline and electric line and during the period of any subsequent maintaining, replacing, altering or repairing thereof, Grantee shall use any ingress and egress location available and leave or arrange for reasonable crossings, over and across the right-of-way, for any vehicles, equipment, cattle and/or livestock of Grantor, Grantor's tenants, Grantees, successors or assigns; provided, however, that in no event shall more than four hundred feet (400') of ditch remain open between crossings without prior written consent of Grantor. Upon completion of construction of each pipeline or electric line, Grantee agrees to provide a gravel-base road on that portion of Grantor's road where the pipeline or electric line crosses Grantor's roads to accommodate vehicles and equipment at all locations. Grantee may only assign its rights to own and/or operate water pipelines authorized under this Agreement together with the other rights granted under this Agreement and to the extent authorized in Section 14 below.

C. Except as otherwise provided below, Grantee shall, upon request of Grantor, during May or June every two (2) years while this Agreement remains in effect, mow each water pipeline and electric utility right-of-way. Before commencing such mowing operations, Grantee shall obtain verbal consent (which consent shall not be unreasonably conditioned, withheld or delayed) from Grantor at least 48 hours prior to entering premises and commencing said operations. If, after Grantor's request, Grantee fails to mow the right-of-way, Grantor may mow, or cause to be mowed, the right-of-way and adjacent strips for brush and weed control; provided, however, that Grantee shall be liable for all costs incurred by Grantor in doing so. Grass shall not be mowed below a height of six inches (6"), unless specifically requested by Grantor or Grantor's representative.

D. Unless otherwise permitted by Grantor, none of the facilities, valves or equipment installed or constructed within the water pipeline rights-of-way shall extend above the surface of the ground except roads, electric poles, air release valves, cathodic protection

devices, or other equipment or appurtenances as required by applicable laws and regulations and except to the extent such rights-of-way fall within an Operations Area.

E. All electric utility lines supporting the water facilities constructed on the Property will follow a route or routes across the Property reasonably designated by Grantor in consultation with Grantee. Grantee will have such route surveyed at Grantor's request, and the parties agree to supplement this Agreement with a description of the electric line route in such event.

F. Grantee shall be obligated to keep any electrical poles upright and straight and less any regulatory allowable variance to a degree of angle from the ground.

9. Compensation for Surface Damages.[5]

A. Grantee agrees to pay Grantor compensation in the amounts provided below for all new use of or damage to the surface estate incurred in the exercise of the rights granted to Grantee hereunder. Grantee's obligations to compensate Grantor for such new use or damage to the Property shall exist whether or not it is due to the negligence of Grantee, its agents, employees, invitees, or independent contractors, or otherwise. In any event, the one time compensation due to Grantor for the applicable activity shall be in the following amounts based on the measured area (or measured distance if linear feet) of the improvement:

(1) **Operations Areas**. $50,000.00 per acre of each Operations Area, including the Major Project.

(2) **Pipelines**. $26.00 per linear foot.

(3) **Electric Lines**. $24.00 per linear foot for above ground electric lines. No compensation is owed for buried electric lines.

(4) **Existing Roads**. No compensation due, subject to Grantee's obligation to maintain such roads as provided for herein.

(5) **New Roads**. $2.00 per linear foot and build to specifications as shown in Exhibit E. If Grantee widens or expands any existing road on the Property, Grantor shall be paid surface damages at the same rate of $2.00 per linear foot, calculated based on the width of the expanded road area multiplied by the length of such expansion.

(6) **Temporary Workspace Easement**s. $525.00 per acre per annum.

B. The Parties acknowledge that the activities to be engaged in pursuant to this Section 9 in the exercise of the rights granted to Grantee hereunder will occur in phases (each a

[5] NTD: Is the City preparing, or having prepared, the easements referenced in this Section 9?

"Phase"). All compensation owed pursuant to this Section 9, shall be paid to Grantor as follows:

(1) Prior to commencing any of the above applicable activities in a Phase, Grantee shall provide Grantor a reasonably detailed description of the activities included in such Phase (a "Phase Plan") and a good faith estimate of the aggregate compensation expected to be paid to Grantor for such activities in such Phase (the "Estimated Damages Compensation"). In the event Grantor reasonably disagrees with the Estimated Damages Compensation set forth in such Phase Plan, Grantor may provide Grantee notice of such disagreement within five business days of Grantor's receipt of such Phase Plan, and the Parties agree to cooperate in good faith to resolve such disagreement, first among themselves and then pursuant to Section 15 below, if necessary. Failure of Grantor to provide such notice will constitute Grantor's agreement to such Estimated Damages Compensation. Except as set forth in Section 9.B.(3) below, promptly after agreement to the Estimated Damages Compensation, and prior to commencing the activities in such Phase, Grantee shall pay Grantor an amount equal to 95% of the Estimated Damages Compensation payable to Grantor for such activities.

(2) Upon completion or substantial completion of a Phase, either Party may provide written notice to the other regarding such completion or substantial completion, and the Parties shall promptly work together in good faith to determine the activities actually completed or about to be completed in such Phase, and determine the actual aggregate compensation owed to Grantor for such activities during such Phase (the "Actual Damages Compensation"). Promptly after such determination, but no more than 30 days after such determination: (x) if the Actual Damages Compensation is greater than the Estimated Damages Compensation, then Grantee shall pay Grantor an amount equal to the difference, or (y) if the Actual Damages Compensation is less than the Estimated Damages Compensation, then Grantor shall pay Grantor an amount equal to the difference.

(3) Notwithstanding Section 9.B.(1) above, the Parties acknowledge that on certain uncommon occasions, and not as an ordinary course, Grantee will have presented a Phase Plan to Grantor, but will need to commence activities under that Phase Plan prior to being able to pay Grantor the Estimated Damages Compensation. On such occasions, Grantee agrees to include notice of same in such Phase Plan expressly invoking this provision, and the Parties agree that Grantee may commence such activities prior to payment to Grantor of the Estimated Damages Compensation, provided, that Grantee pays such Estimated Damages Compensation to Grantor no later than 15 days after providing such notice in the Phase Plan. In the event Grantor does not receive such payment within such 15 day period, Grantee will pay Grantor an amount equal to $1,000.00 per day thereafter until such amount is received by Grantor, it being understood that Grantor's damages are difficult to ascertain with reasonable certainty and such amount represents liquidated damages and not a penalty, and Grantor will have the right

enjoin Grantee and its representatives from continuing any further activities under any Phase until full payment is made.

C. For purposes of clarity, this Section 9 is intended to memorialize an iterative process, pursuant to which each Phase Plan is presented, Estimated Damages Compensation and Actual Damages Compensation are calculated and fully paid, and activities are performed until all Phases under this Agreement are complete.

10. Grantor's Covenants; Restriction. Notwithstanding any provision contained herein to the contrary, Grantor hereby covenants and agrees to the following restrictions:

A. Grantor covenants that it will not engage in or allow any activity on the Property during the Term of this Agreement that would materially interfere with Grantee's exercise of the Authorized Activities within the Operations Area or materially affect the production capacity or water quality of the Groundwater. It is expressly understood by Grantee this Section 10 is not meant to limit or prohibit Grantor from executing oil and gas or other leases so long as they adopt and/or adhere to Sections 10B, 10C, 10D, and 10E.

B. Grantor covenants that it will not allow, or enter into any agreement allowing, any saltwater or other type of disposal wells to be established or operated on or under the Property authorizing disposal at any depth shallower than (i) the base of the deepest producible, developable water strata encountered on the Property, or (ii) the depth required by the Texas Railroad Commission, whichever is deeper. Grantor agrees to give Grantee a true and complete copy of any proposed disposal well agreement or application at least thirty (30) days prior to execution or submission. Grantor and Grantee stipulate and agree the base of the deepest producible, developable water strata encountered on the Property is the stratigraphic equivalent of the base of the Lower Goliad formation at an elevation of 1,846 feet below mean sea level as determined by interpreting the geophysical logs for six wells with the following API Nos.: 4240930064, 4240901205, 4240901282, 4240901224, 4240900774, 4240900377, and 4240900396. Grantee acknowledges that Grantor will not be responsible for the exercise of rights under an existing oil and gas lease over which Grantor has no control. Grantor does not own all of the oil, gas and minerals underlying the Property, and Grantee's rights hereunder may be affected or limited by the exercise of rights by the third-party owners of such oil, gas and minerals.

C. Grantor covenants that it will not allow any use of the Reserved Water Rights which would materially affect the production capacity or water quality of the Groundwater owned by Grantee.

D. Grantor covenants that it will not enter into any future oil, gas and mineral lease or other agreement unless such agreement prohibits the use of Groundwater from the Property for waterflood, secondary recovery, hydraulic fracturing or pressure maintenance purposes.

E. Grantor covenants that it will not engage in, cause or permit the construction or installation of any impoundment facilities on the Property or the diversion to the Property

of water from off-Property impoundment facilities for uses other than the Permitted Water Uses.

11. <u>Sanitary Control Easement</u>. Grantor does hereby grant unto Grantee the right to designate sanitary control easements, each to consist of a tract in the form of a circle having a radius of one hundred fifty feet (150') surrounding and centered on each completed water well or a tract of such reasonable size and configuration as necessary to comply with the requirements or regulations relating to any water produced under this Agreement for Grantee's retail sale or wholesale to a public water supply system or utility (each a "**Sanitary Control Easement**"). Each Sanitary Control Easement will, among other things, prohibit Grantor from, or directly or indirectly authorizing, the conduct of activities, surface or subsurface, that would interfere with Grantee's efforts and obligations to protect the water supply of each well described by means of sanitary control. Further, Grantor, its successors and assigns agree that they shall be prohibited from installing, constructing, operating or authorizing (directly or indirectly) within each such Sanitary Control Easement any feed lot or poultry facility, septic or sewage-related tank, facility, lateral or apparatus or other facility or infrastructure that is now or hereafter regulated or proscribed by governmental authority having jurisdiction within the proximity of any commercial water well or facility. Grantor agrees to execute a separate instrument entitled "Sanitary Control Easement" with content substantially similar to that set forth in Title 30 Texas Administrative Code Section 290.41, as amended from time to time, to provide sanitation easements around each well site.

12. <u>Damages</u>. Grantee agrees to pay Grantor for all future actual physical damages to livestock, wildlife, wild game, exotic animals, crops, improvements, trees, and equipment or other property (including significant subsidence, which is documented and proven via third-party consultants) of Grantor or its tenants caused by Grantee or its agents, servants, employees, contractors or subcontractors in conducting any activities pursuant to this Agreement. Grantor and Grantee shall attempt to make good faith effort to negotiate the calculation for these future damages. However, in the event the parties cannot agree on a damage model, the parties agree to submit the dispute of damages to a mediator as a condition precedent to filing suit or initiating any legal proceedings whether pursuant to this Agreement or otherwise. Grantor and Grantee shall attempt to agree on a mediator for this purpose but if there is no agreement, the parties shall seek to have the longest tendered district judge in San Patricio County select a mediator for this limited purpose. Grantor and Grantee shall each pay the mediator fee. For purposes of this Agreement, "significant subsidence" is defined as a change in land surface elevation caused by Grantee's water production from the Gulf Coast Aquifer that: a) degrades the structural integrity of buildings, pipelines, roads, and other infrastructure; b) negatively impacts the natural drainage of the land surface; c) negatively impacts the flow direction of streams and creeks; or d) increases the risk of flooding.

13. <u>Compliance with Laws.</u> All Authorized Activities conducted pursuant to this Agreement will be at the sole risk and cost of Grantee. Grantee shall conduct its operations on the Operations Area in compliance with all applicable laws, rules, and regulations of local, state and federal agencies, regulatory commissions, and other governmental or regulatory authorities having jurisdiction over Grantee's operations, including without limitation those imposed by Water, Environmental, and Natural Resource Authorities. Grantee shall hold Grantor harmless from any losses, damages, liabilities, or claims of any kind which may be suffered by or brought against

Grantor as a consequence of, in connection with, or arising out of Grantee's failure to comply with the provisions of this paragraph.

14. **Assignment.** This Agreement, and the collective rights granted hereunder may be sold, transferred or assigned, in whole, by Grantee only in accordance with the Partnership Agreement and only upon not less than ninety (90) days prior written notice to Grantor. Notwithstanding the foregoing, Grantee may sell or assign produced Groundwater without notice or restriction provided such sale or assignment of Groundwater is permitted under the Partnership Agreement. To the extent authorized in the Partnership Agreement, Grantee may, without Grantor's consent, collaterally assign, mortgage or otherwise encumber its interest in this Agreement to any institution (including any trustee or agent on behalf of such institution) providing debt or other financing to Grantee or its successors or assigns (each, a "**Financing Party**") under any mortgage, deed of trust, deed to secure debt, collateral assignment or other security instrument by which Grantee's interest under this Agreement is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation to a Financing Party. Without limiting the foregoing, a Financing Party shall include any tax-credit equity investor of Grantee. Grantor's approval to assign may not be unreasonably withheld, conditioned, qualified or delayed, but it is expressly considered reasonable for Grantor to reject based upon the assignee's financial status, save for any proposed assignment to municipalities or other governmental entities. Grantor must approve any assignment to any municipalities or other governmental entities. Furthermore, Grantor's approval of any assignment shall be not conditioned upon any changes or amendments to this Agreement. Grantee shall furnish Grantor a copy of any assignment made pursuant to this paragraph, with the recording data reflected thereon, if recorded. Any assignee of Grantee shall, by acceptance of such assignment, be bound by all terms and provisions hereof. The obligations under this paragraph shall apply to any proposed assignment by Evangeline/Laguna LP of this Agreement or any rights or obligations hereunder; provided, however, that any proposed assignment by any party other than Evangeline/Laguna LP shall require Grantor's prior written consent. If Grantee assigns this Agreement to a Governmental Entity, by its acceptance of the assignment, the Governmental Entity hereby waives its sovereign immunity from liability and suit in any lawsuit or alternative dispute resolution as to all disputes and actions between Grantor and the Governmental Entity which may arise as a result of this Agreement.

Grantor's rights and obligations hereunder are freely assignable but only in conjunction with a conveyance of fee simple interest in the Property to the same assignee. If any interest of the Grantor in the Property is conveyed in any manner, Grantor must assign its contractual duties and obligations under this Agreement to the acquiring party.

15. **Remedies**.

A. Default. If Grantee fails to comply with any of its obligations under this Agreement, Grantee will be deemed in default hereunder. In such event, Grantor may deliver written notice of default to Grantee. Unless otherwise shortened elsewhere in this Agreement, Grantee shall have thirty (30) days from receipt of written notice of the default from Grantor within which to cure the default, unless the nature of the cure requires a longer time period, in which case the default must be cured as soon as reasonably practicable. In such event, Grantee shall commence its efforts to cure any such default not later than thirty (30) days after the date of such notice and shall diligently continue in its

efforts to cure the same until the same has been cured or remedied. If Grantee fails to remedy the default within thirty (30) days after receipt of the notice of default (or such longer period as provided for herein), Grantor may: a) cure the default, in which case Grantee will reimburse Grantor upon demand all costs associated therewith, plus an administrative fee equal to 10% of such costs; and/or b) pursue any other relief to which Grantor may be entitled at law or in equity.

B. Mediation and Arbitration. In the event any controversy arising under this Agreement (other than in relation to specific performance or injunctive remedies specifically authorized by this Agreement) is not resolved by informal negotiations, the Grantor and Grantee agree that it is their intent that any such dispute not be settled through the judicial system, but rather, Grantor and Grantee agree to submit any such dispute first to mediation and then to binding arbitration. Grantor and Grantee shall agree on a mediator within twenty (20) days of a demand for mediation and if no mediator can be agreed upon, a mediator will be appointed by the District Court in Victoria Texas. Following unsuccessful mediation, Grantor and Grantee agree that binding arbitration, as fully described below, is the most effective, prudent and reasonable manner to resolve disputes relating to or concerning the contents of this Agreement (other than in relation to specific performance or injunctive remedies specifically authorized by this Agreement or preliminary injunctive relief or other injunctive relief in a court of competent jurisdiction if, in a party's reasonable judgment, such action is necessary to avoid irreparable harm). Furthermore, Grantor and Grantor each expressly wishes that such matters not be heard by the public court system, and desires that all disputes which may arise amongst or between Grantor and Grantee remain confidential to the fullest extent allowed by law. Therefore, Grantor and Grantee agree as follows:

EXCEPT IN RELATION TO SPECIFIC PERFORMANCE OR INJUNCTIVE REMEDIES SPECIFICALLY AUTHORIZED BY THIS AGREEMENT, ANY CONTROVERSIES, DISPUTES, ISSUES, CLAIMS, AND OTHER MATTERS IN QUESTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR BREACH, TERMINATION, OR VALIDITY THEREOF, EXCLUDING TORT CLAIMS MADE BY THIRD PARTIES, WHICH CANNOT BE AMICABLY RESOLVED BY THE PARTIES WITHIN SIXTY (60) DAYS OF WRITTEN NOTICE OF SUCH DISPUTE, SHALL BE SETTLED AND DETERMINED BY BINDING ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS COMMERCIAL ARBITRATION RULES AND THE TEXAS GENERAL ARBITRATION ACT SET FORTH IN THE TEXAS CIVIL PRACTICE & REMEDIES CODE, SECTION 171.001, ET SEQ. AND EXPRESSLY EXCLUDING APPLICATION OF THE FEDERAL ARBITRATION ACT.

Such arbitration shall be initiated by any party to this Agreement giving written notice of demand for arbitration to the other parties of the issues in dispute immediately upon the failure of mediation and shall take place before a panel of three arbitrators sitting in the county where the subject property is located, or such other location in Texas as the parties may mutually agree upon in writing. The arbitrators shall be selected from the AAA's

judicial panel or a panel with similar judicial or industry expertise relevant to surface use agreements, water, and oil and gas matters in Texas. All arbitrators shall be unaffiliated with Grantor or Grantee. The arbitrators shall hold a hearing within a reasonable time from the date of notice of selection of a neutral arbitrator. The written notice of demand for arbitration must be accompanied by a statement of the issues in dispute. Expenses of the arbitration shall be apportioned equally among the parties to the dispute. Both Grantor and Grantee shall be responsible for their own costs and attorneys' fees relating to the arbitration proceedings, irrespective of the outcome. The arbitration shall take place and be subject to and governed by the provisions of the Texas General Arbitration Act. Those persons selected as arbitrators shall be bound to adjudicate all disputes in accordance with the laws of the State of Texas, without giving effect to any choice of laws of the State of Texas, and shall have full power to make such findings and to give such orders and directions as they deem expedient in respect to determination of issues and damages in the matter and the differences referred to them. The arbitrators shall determine and make their award concerning the matters in controversy in writing with written findings of fact. The decision of the arbitrators shall be final and binding on the Grantor and Grantee. No party shall unreasonably delay or otherwise prevent or impede the arbitration or the making of an award. The parties further agree that the award made by the arbitrators shall be valid and binding on the parties and they agree to keep, observe and perform each of such awards and to have the same made an order of any court in Texas having jurisdiction thereof, and entry of judgment may be made on such award.

16. **Insurance**. Prior to conducting any operations on the Property pursuant to the terms of this Agreement, and at all times while this Agreement remains in effect, Grantee (or its permitted successors and assigns as the case may be), at its sole cost and expense, shall maintain the following types and minimum limits of insurance:

Commercial General Liability insurance in the amount of $1,000.000.00 for protection against liability claims for bodily injury and property damage arising out of premises, operations, products, and completed operations, including sudden and accidental pollution.

Commercial Automobile Liability insurance in the amount of $1,000,000.00 including coverage for hired and non-owned vehicles.

Workers' Compensation
Statutory coverage, all states endorsement
Employers Liability coverage in the amount of $1,000,000.00.

Excess and/or Umbrella Liability insurance in the amount of $5,000,000.00.

Total Limits of insurance required of Grantee under this agreement may be met by Commercial General Liability insurance, Excess/Umbrella Liability insurance, or any combination thereof.

Any insurance required under this agreement shall be written with carriers having an A.M. Best rating of "A-VII" or greater, be primary in coverage, include waiver of subrogation and, where not prohibited by law, shall name Grantor as an additional insured.

Grantee or its agent(s) will make best efforts to send Grantor 30 days' notice of cancellation of insurance. Failure to do so will constitute a breach under this Agreement if the failure has a materially impact on coverage and potential exposure for Grantor.

Grantee shall furnish to Grantor, prior to conducting any activities on the Property certificates of insurance identifying Grantor as additional insured to the extent provided for in this Agreement. Grantee shall provide to Grantor a copy of any and all applicable insurance policies upon request of Grantor.

To the extent allowed by law, Grantee will cause all policies of insurance to provide for a waiver of subrogation in favor of Grantor, but only to the extent of Grantee's indemnification obligations hereunder.

17. Limitation of Warranties. Subject to the rights of third parties pursuant to existing easements, surface leases and similar encumbrances (excluding liens and security interests) appearing of record in San Patricio County, Texas, Grantor warrants title to the surface of the Property by, through and under Grantor, but not otherwise. SUBJECT TO THE SPECIAL WARRANTY OF TITLE TO THE PROPERTY, THE RIGHTS AND PERMISSION OF GRANTEE HEREIN ARE DELIVERED BY GRANTOR WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING WITHOUT LIMITATION REPRESENTATIONS OR WARRANTIES AS TO THE CONDITION, FITNESS FOR ANY PURPOSE, OR ANY OTHER CHARACTERISTIC OF THE PROPERTY. THE RIGHTS AND PERMISSION GRANTED HEREIN WITH RESPECT TO THE WELLS EXTEND TO GRANTEE AND GRANTEE'S OFFICERS, AGENTS, EMPLOYEES AND CONTRACTORS ONLY TO THE EXTENT OF GRANTOR'S AUTHORITY TO GRANT SUCH RIGHTS AND PERMISSION, AND GRANTEE DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING SUCH AUTHORITY. GRANTEE EXPRESSLY ACKNOWLEDGES THE CONSPICUOUSNESS OF THE DISCLAIMERS PROVIDED FOR IN THIS PARAGRAPH.

18. Indemnification by Grantee. GRANTEE SHALL INDEMNIFY AND HOLD HARMLESS GRANTOR, ITS EMPLOYEES, TENANTS, INVITEES, LICENSEES, AGENTS, REPRESENTATIVES, HEIRS, SUCCESSORS, AND ASSIGNS (THE "INDEMNIFIED PERSONS") AGAINST ANY AND ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, JUDGMENTS, FINES, PENALTIES, LIENS, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS (INCLUDING DEATHS OR INJURIES TO EMPLOYEES OF GRANTEE) AND/OR LOSS OR DAMAGE TO ANY PROPERTY INCLUDING WITHOUT LIMITATION ATTORNEY'S FEES, EXPERT WITNESS FEES, AND COURT COSTS

(COLLECTIVELY "LIABILITIES") ARISING OUT OF, CAUSED BY, OR RESULTING FROM, IN WHOLE OR IN PART, ANY ACTS OR OMISSIONS OF GRANTEE, OR OF ITS SUCCESSORS OR ASSIGNS, OR OF EMPLOYEES, AGENTS, INVITEES, CONTRACTORS OR SUBCONTRACTORS, OCCURRING ON THE PROPERTY UNDER THE TERMS OF THIS AGREEMENT, AND INCLUDING LIABILITIES THAT ARE THE RESPONSIBILITY OF AN INDEMNIFIED PERSON DUE TO SUCH PERSON'S CONTRIBUTORY NEGLIGENCE. GRANTEE'S OBLIGATION TO INDEMNIFY THE INDEMNIFIED PERSONS DOES NOT COVER LIABILITIES RESULTING FROM STRICT LIABILITY, SOLE NEGLIGENCE OR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PERSON EXCEPT IF THIS AGREEMENT IS ASSIGNED TO A GOVERNMENTAL ENTITY, IN WHICH CASE, TO THE EXTENT ALLOWED BY LAW, THE GOVERNMENTAL ENTITY SHALL HOLD HARMLESS THE INDEMNIFIED PERSONS AND SHALL REQUIRE ITS INDEPENDENT CONTRACTORS TO INDEMNIFY AND HOLD HARMLESS THE INDEMNIFIED PERSONS AS ADDITIONAL INSURED ON POLICIES. THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

19. Release of Liabilities. GRANTEE RELEASES GRANTOR, ITS EMPLOYEES, TENANTS, INVITEES, LICENSEES, AGENTS, REPRESENTATIVES, HEIRS, SUCCESSORS AND ASSIGNS ("RELEASED PERSONS") FROM ALL LIABILITY FOR ANY DAMAGE OR INJURY WHICH GRANTEE, ITS SUCCESSORS OR ASSIGNS, OR ANY EMPLOYEES, AGENTS, INVITEES, OR CONTRACTORS OR SUBCONTRACTORS OF ANY OF SUCH PERSONS, MAY SUSTAIN FROM ANY AND ALL SOURCES OR CAUSES DURING THE TERM OF THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH DAMAGE OR INJURY IS PROXIMATELY CAUSED BY THE SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A RELEASED PERSON. THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

20. Restoration. Upon termination of this Agreement, unless Grantor exercises its option to take over one or more water wells as provided for in Section 4 above, Grantee will restore the surface of the Property to substantially its present condition as of the Effective Date. Likewise, within ninety (90) days of termination of this Agreement, Grantee will properly plug and abandon the wells in accordance with all laws, rules and regulations of governmental authorities having jurisdiction over such matters. Grantee's restoration obligations will include removal of any and all personal property, buildings, equipment, above-ground electric lines, fences and fixtures placed by Grantee on the Property, except for (i) such fences, cattle guards, road material, gates, buildings and/or fixtures designated by Grantor to be left on the Property, which fences, gates, buildings and/or fixtures shall become the property of Grantor, and (ii)buried pipelines and buried electric lines located on the Property. Buried pipelines and buried electric lines that are not being used by Grantor may be abandoned in place, provided (a) buried pipelines must be cut and capped at Property boundaries, and (b) buried electric lines must be de-energized prior to abandonment. Grantee will also disc, level and re-seed the disturbed portions of the Property using grass seed approved by Grantor. Grantee will be responsible for any and all damages to the Property, or any improvements thereon, and to any livestock, wildlife, personal property or equipment situated on

the Property, to the extent arising out of any activities conducted by Grantee pursuant to this Agreement and not in any manner attributable to the gross negligence or willful misconduct of Grantor. If Grantor exercises its option to take over one or more wells as provided in Section 4 above, Grantee will be released of its obligations under this paragraph solely with respect to such well(s) and well site(s). If, following the expiration of said ninety (90) day period Grantee has not removed such personal property, buildings, equipment and fixtures, Grantor may at any time thereafter remove the same from the Property at Grantee's expense, and Grantee agrees to reimburse Grantor for all costs of removal, plus an administrative fee equal to 10% of such costs, which shall be payable within thirty (30) days after Grantee's receipt of a reasonably detailed invoice thereof. The provisions of this Section will survive termination of this Agreement.

21. Taxes, Fees, and Other Governmental Assessments. Grantee shall pay when due any user fees, well registration fees, or other like fees relating to its Groundwater Rights when due to applicable governmental authority having jurisdiction, including but not limited to any fees and/or assessments imposed by any Water Authority. Grantee shall have the right, but not the obligation, to initiate and prosecute any administrative proceedings relating to the Property and the Groundwater rights of Grantee, including, but not limited to, (i) contesting any fees assessed to or levied upon said Property pursuant to Groundwater withdrawal rights, or (ii) protesting, defending or preserving the rights to withdraw water. Grantor covenants and agrees not to contest Grantee's exclusive ownership of Groundwater produced from said Property or the historical and other rights accruing to such production, including, without limitation, the rights to sell or transport such Groundwater. Grantor covenants and agrees to cooperate, and to use commercially reasonable efforts to cause any Lienholder to cooperate, with Grantee's efforts to defend and improve title to the foregoing and will not act or omit to act such as to adversely affect said Property or the Groundwater withdrawal rights granted hereunder. Without limiting the foregoing clause, and subject to Grantor's representation that there are no existing liens or security interests which are superior to the rights of Grantee under this Agreement, Grantor agrees to request from any Lienholder an executed and recordable subordination of such Lienholder's rights with respect to the Groundwater. Grantor will remain responsible for payment of ad valorem and similar taxes assessed against Grantor's interest in the Property, provided Grantee will be exclusively responsible for all ad valorem and similar taxes assessed against Grantee's interest in the Property, along with any equipment and/or personal property placed on the Property pursuant to this Agreement, including without limitation, any rollback taxes that may be assessed as a result in a change in use of the Property arising under the terms of this Agreement. Grantee will be exclusively responsible for all severance taxes and any other water drilling or production taxes attributable to the production and sale of Groundwater.

22. Memorandum of Agreement; Release of Agreement. Concurrently with the execution of this Agreement, each of Grantor and Grantee shall deliver an executed and acknowledged counterpart of the Memorandum of Agreement attached hereto as Exhibit "E" (the "**Memorandum**"), which shall be recorded in the Official Public Records of San Patricio County, Texas. Within thirty (30) days of termination of this Agreement, Grantee must execute and deliver to Grantor a recordable instrument, releasing all rights under this Agreement and acknowledging those obligations of Grantee which survive termination of this Agreement.

23. Governing Law and Venue. THIS AGREEMENT AND THE LEGAL RELATIONS AMONG THE PARTIES SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. THE SOLE AND EXCLUSIVE VENUE FOR ANY DISPUTE ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL LIE IN THE STATE DISTRICT COURTS OF BEXAR COUNTY, TEXAS.

24. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors, and permitted assigns. All obligations of Grantee provided for in this Agreement will extend to and be binding upon Grantee's successors and permitted assigns, together with such parties' respective employees, agents, invitees, contractors and/or subcontractors. Nothing in this Agreement binds Grantor, its principals. successors, heirs or assigns in connection with its ownership of real and personal property which is not subject to the Groundwater Deed or within the Property described in this Agreement.

25. Severability Clause. If any provision of this Agreement shall be held invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

26. Merger Clause. This Agreement constitutes the entire understanding of the Parties with respect to the subject matter hereof, superseding all negotiations, prior discussions, and prior agreements and understandings relating to such subject matter. This Agreement may only be amended by a subsequent writing executed by both Parties.

27. Notices. All notices under this Agreement, except where another method is specified herein, shall be delivered by certified or registered mail, overnight courier or electronic mail to the Parties as follows:

Grantor:[6]

With a copy to: Cullen | Holm LLP[7]
Attention: Brendan C. Holm
119 S. Main
Victoria, Texas 77902
Email: bholm@cullenlawfirm.com

Grantee: Evangeline/Laguna, LP
Attention: Bruce H.C. Hill
5111 Broadway
San Antonio, Texas 78209
Email: bruce@hillassoc.net

With a copy to: Uhl, Fitzsimons, Burton, Wolff & Rangel, PLLC
Attention: Trace Burton

[6] NTD: To be adjusted per SUA.
[7] NTD: To be adjusted per SUA.

4040 Broadway, Suite 430
San Antonio, Texas 78209
Email: tburton@uhlfitzsimons.com

Either Party may change its address for notice purposes under this Agreement by providing written notice of such change to the other Party hereto. If the Agreement is assigned, the Assignor must provide notice to all parties of the Assignee's contact information. All notices are deemed to have been duly given at the time of receipt by the Party to whom such notice is addressed.

28. Force Majeure. Should either Party be prevented from complying with any express or implied covenant of this Agreement by reason of force majeure, other than an obligation to pay money, then that Party's obligation to comply with such covenants shall be suspended. Either Party shall not be liable in damages for failure to comply during an event of force majeure. This Agreement shall be extended while and so long as either Party is prevented by any such cause. As used herein, the term "force majeure" shall include, but not be limited to, an act of God, event of terrorism, flood, hurricane, tropical storm, pandemic, epidemic, strike, insurrection or riot beyond the control of a Party and which prohibits a Party from performing under this Agreement.

29. Power and Authority. Each Party represents that it has all the requisite power and authority to execute, deliver, and perform this Agreement and any other agreement, instrument or document executed or to be executed by such Party in connection with the transactions contemplated hereby.

30. Counterparts. This Agreement may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument. Any signature hereto delivered by a Party by electronic transmission (scanned PDF) shall be deemed an original signature hereto. This Agreement shall not be recorded, but the Grantor and Grantee will execute a Memorandum of Agreement for recording upon the request of either Party.

31. Attorneys Fees. If any Party to this Agreement begins any legal action or proceeding against the other arising out of the provisions of this Agreement or the grantor-grantee relationship created by it, including any action or proceeding for declaratory relief, specific performance, damages, or possession, whether by court action or arbitration or other dispute resolution process, the prevailing Party is entitled to recover from the other Party, in addition to court costs, reasonable attorneys' fees incurred and to be incurred in the trial and appeal of the proceeding, with the amount to be set and determined as provided in Sections 38.003 and 38.004 of the Texas Civil Practice and Remedies Code.

32. Time. Time is of the essence with respect to the performance of all obligations under this Agreement. With respect to any notice period or any other deadline state in this Agreement, the last day of the time period so computed for is to be included, unless it is a Saturday, Sunday or legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or legal holiday.

33. <u>Inflation</u>. Any liquidated damages, compensation, fines, fees, or other damages in this Agreement are subject to annual inflation adjustments using the Consumer Price Index, All Urban Consumers, U.S. City Average-All Items published by the Bureau of Labor Statistics of the United States Department of Labor {or its successor index} with the first inflation adjustment beginning on August 1, 2029, and thereafter on August 1st of each year.

34. <u>Condemnation</u>. If all or part of the Project Area is proposed to be taken as a result of any action or proceeding in eminent domain, or is proposed to be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain (collectively, a "**Taking**"), Grantor shall provide Grantee with reasonable advance notice of any impending proceeding or meeting related to such Taking and shall not without notice to Grantee settle with the Taking authority or agree on compensation for such Taking. Grantee shall terminate this Agreement as to any portion of the Project Area so condemned or taken (except in the case of a temporary Taking after the duration of which Grantee desires to continue the Agreement, and the Term shall be extended, in such event, by the duration of such temporary Taking). Subject to any applicable law or regulation, if any, any award or other compensation ("**Award**") payable as a consequence of such Taking shall be paid as follows:

i. Grantor shall first be entitled to receive out of the Award the value of Grantor's fee interest in the Project Area, valued as if no Major Project, Essential Equipment and Non-Essential Equipment were on the Project Area, and Grantor's lost revenues under this Agreement, including all estimated amounts that would have been paid by Grantee hereunder;

ii. Grantee shall next be entitled to receive out of the Award: (A) the value of the Major Project (less the fee interest in the land under which it sits), Essential Equipment and Non-Essential Equipment installed on the Project Area (to the extent it cannot be recovered by Grantee); (B) any other compensation or benefits payable by law as a consequence of the loss or interruption of Grantee's business; and (C) the remaining present value of Grantee's interest in the Project Area (determined at the time of the Taking), including the value of Grantee's interests under this Agreement; and

iii. Grantor shall be entitled to any remainder of the Award.

iv. Grantee shall have the right to participate in any condemnation proceedings with respect to its interest in the Project Area and any settlement related thereto. Grantor and Grantee shall be responsible for their respective attorney's fees, expert's fees and court costs resulting from participation in any condemnation proceedings or related settlement negotiations. Grantor and Grantee shall have the right to seek separate awards. Notwithstanding anything herein to the contrary, Grantee shall not be entitled to any portion of a condemnation award that results from a condemnation action that is instituted prior to the commence of construction on the Project Area, except where Grantee seeks a separate award related to its own interest under this Agreement.

(Signature pages follow)

EXECUTED and effective for all purposes as of _____ (the "Effective Date").

GRANTOR:

-

[*signatures and exhibits following*]

GRANTEE:

EVANGELINE/LAGUNA, LP,
a Texas limited partnership

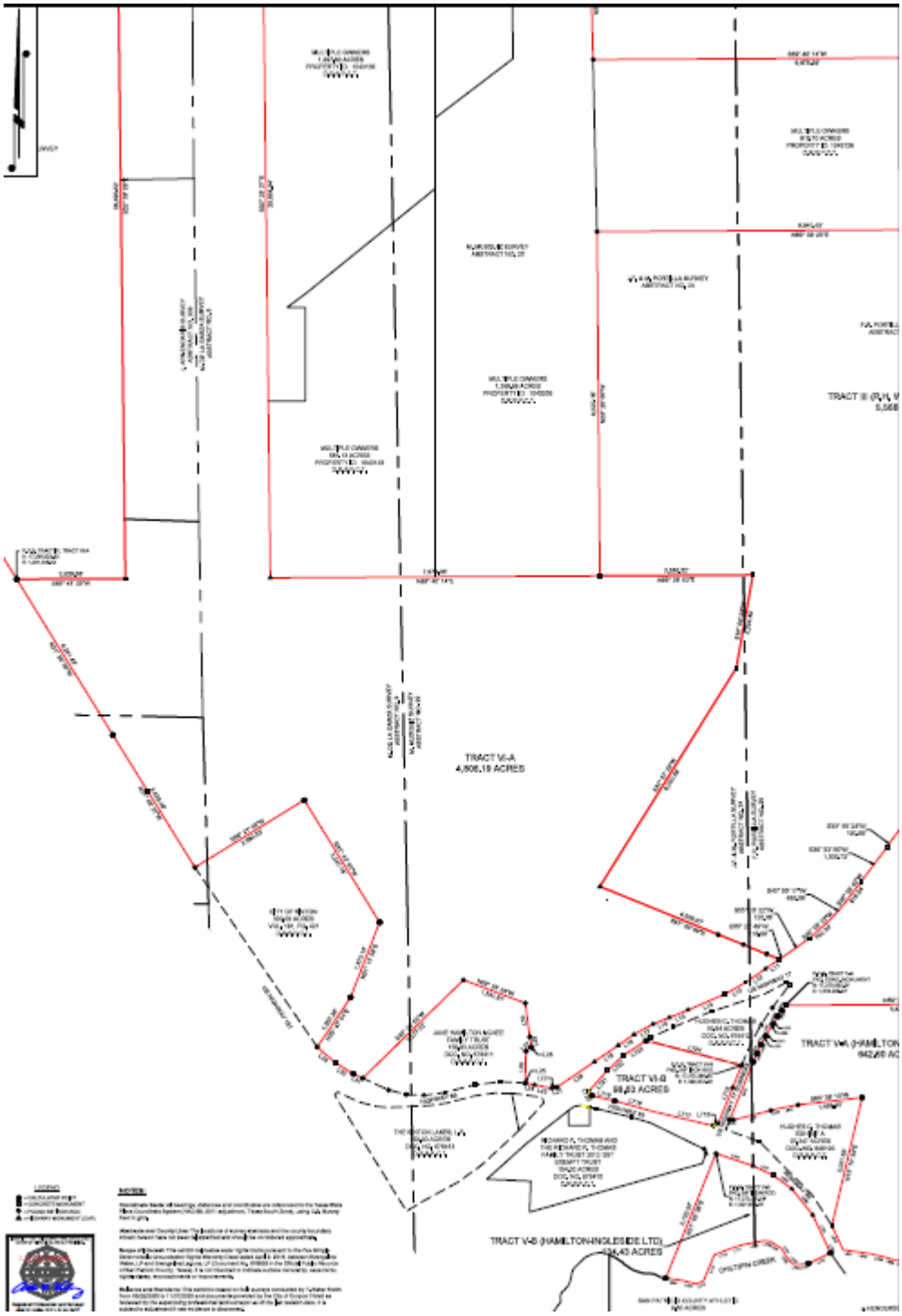
By: Evangeline/Laguna GP, LLC,
a Texas limited liability company,
its general partner

By: _____
_____
_____

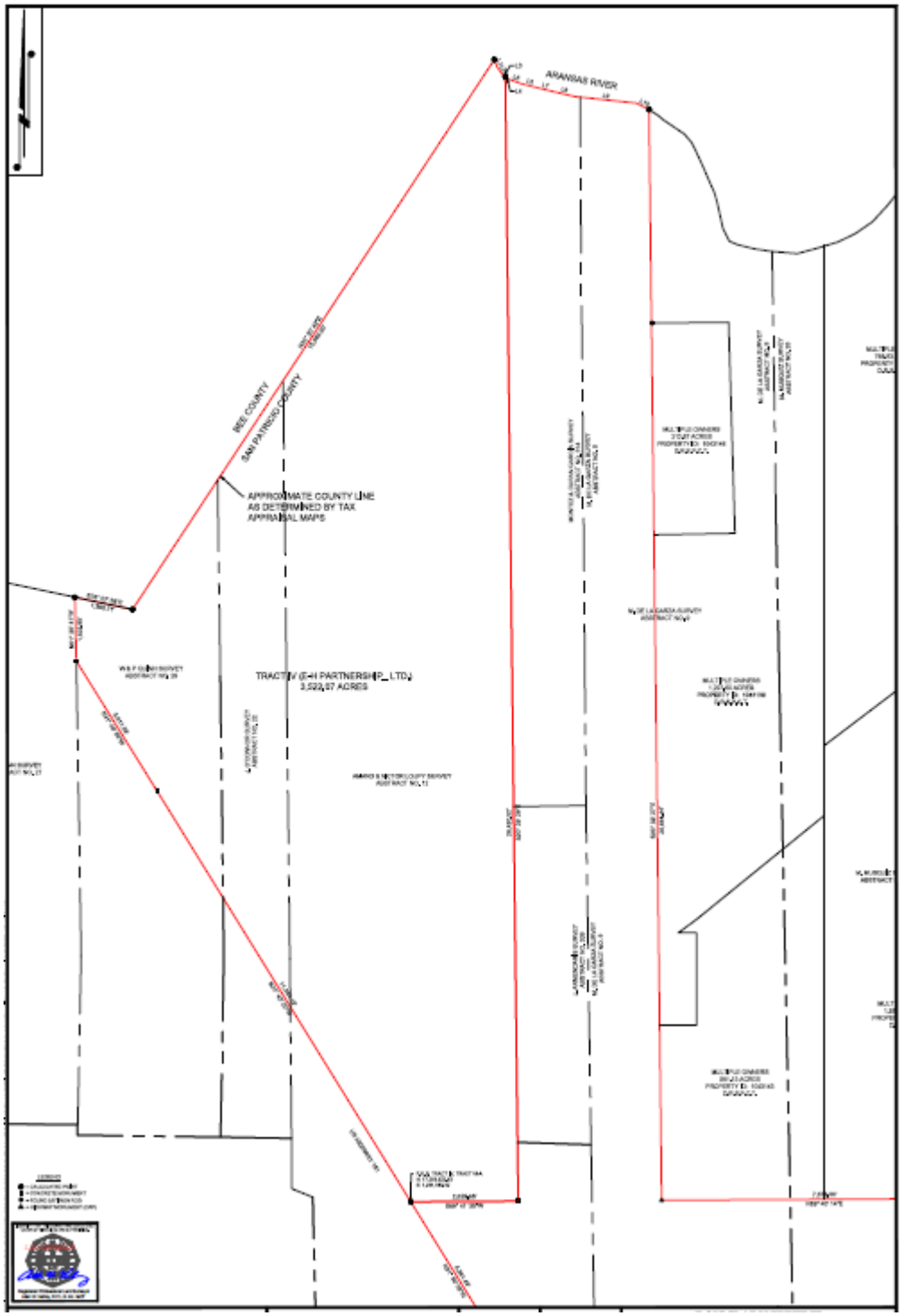
EXHIBIT "A"[8]

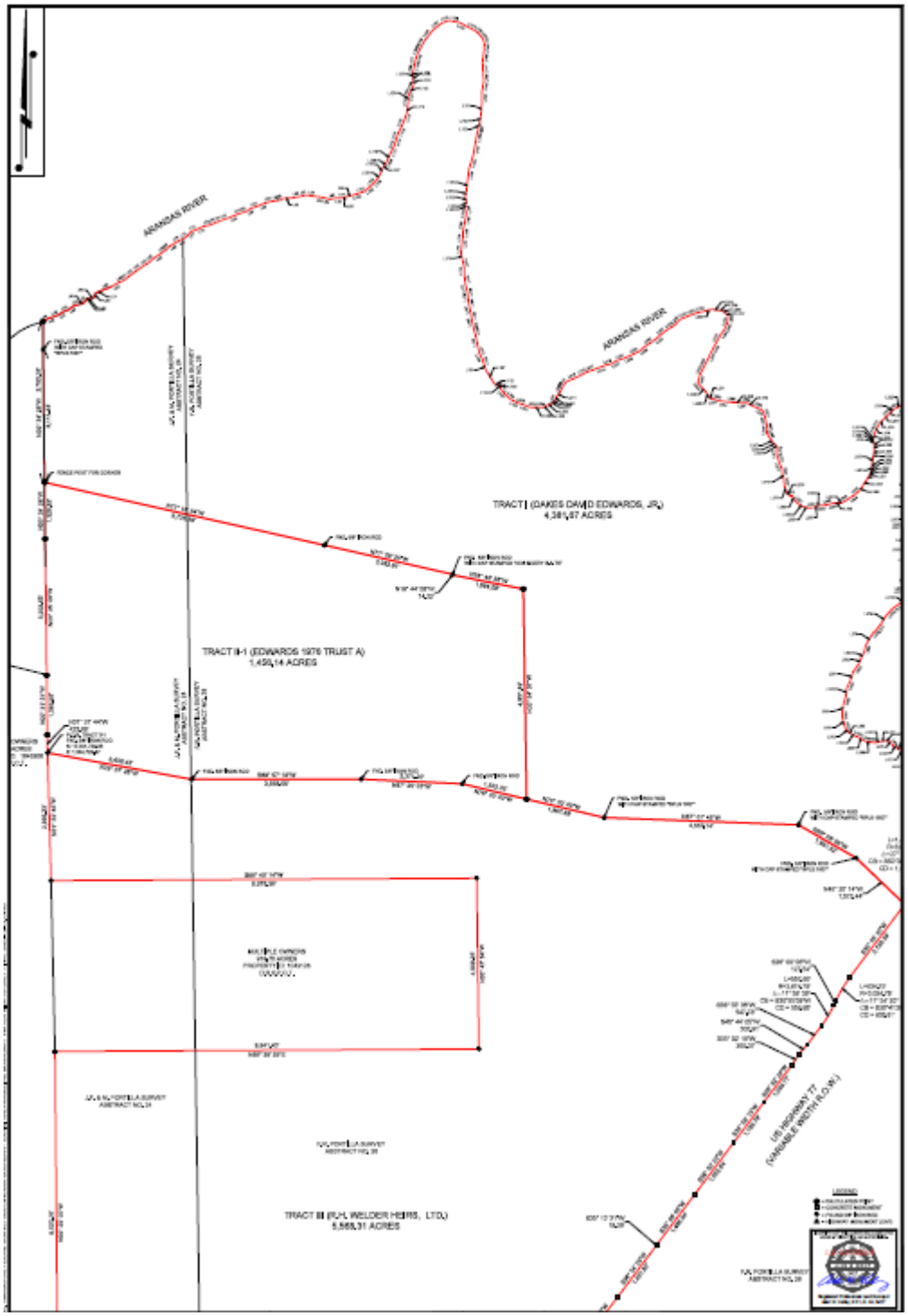
Attached to and made a part of that certain Surface Use Agreement – Groundwater Operations dated, by and between _____, as Grantor, and Evangeline/Laguna, LP, as Grantee

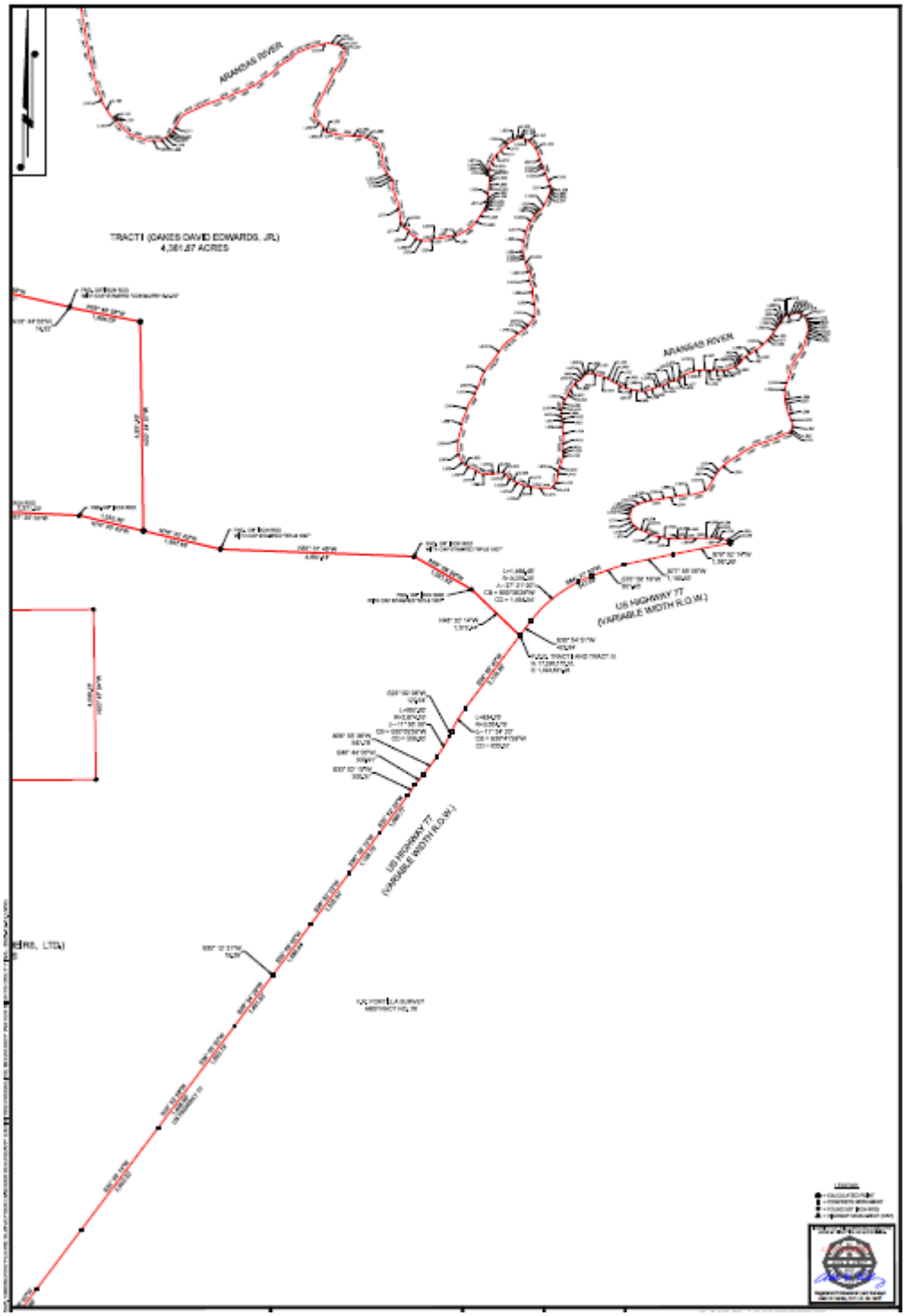
Description of Property



[8] NTD: Exhibits to be revised per SUA.


ARANSAS RIVER
WEE COUNTY
SAN PATRICIO COUNTY
APPROXIMATE COUNTY LINE
AS DETERMINED BY TAX
APPRAISAL MAPS
TRACT IV (E-H PARTNERSHIP, LTD.)
3,522.97 ACRES


ARANSAS RIVER
ARANSAS RIVER
TRACT I (OAKES DAVID EDWARDS, JR.)
4,381.87 ACRES
TRACT II-1 (EDWARDS 1976 TRUST A)
1,456.14 ACRES
TRACT III (R.H. WELDER HEIRS, LTD.)
5,568.31 ACRES
US HIGHWAY 77
(VARIABLE WIDTH R.O.W.)


ARANSAS RIVER
TRACT1 (OAKES DAVID EDWARDS, JR.)
4,361.87 ACRES
ARANSAS RIVER
US HIGHWAY 77
(VARIABLE WIDTH R.O.W.)
US HIGHWAY 77
(VARIABLE WIDTH R.O.W.)

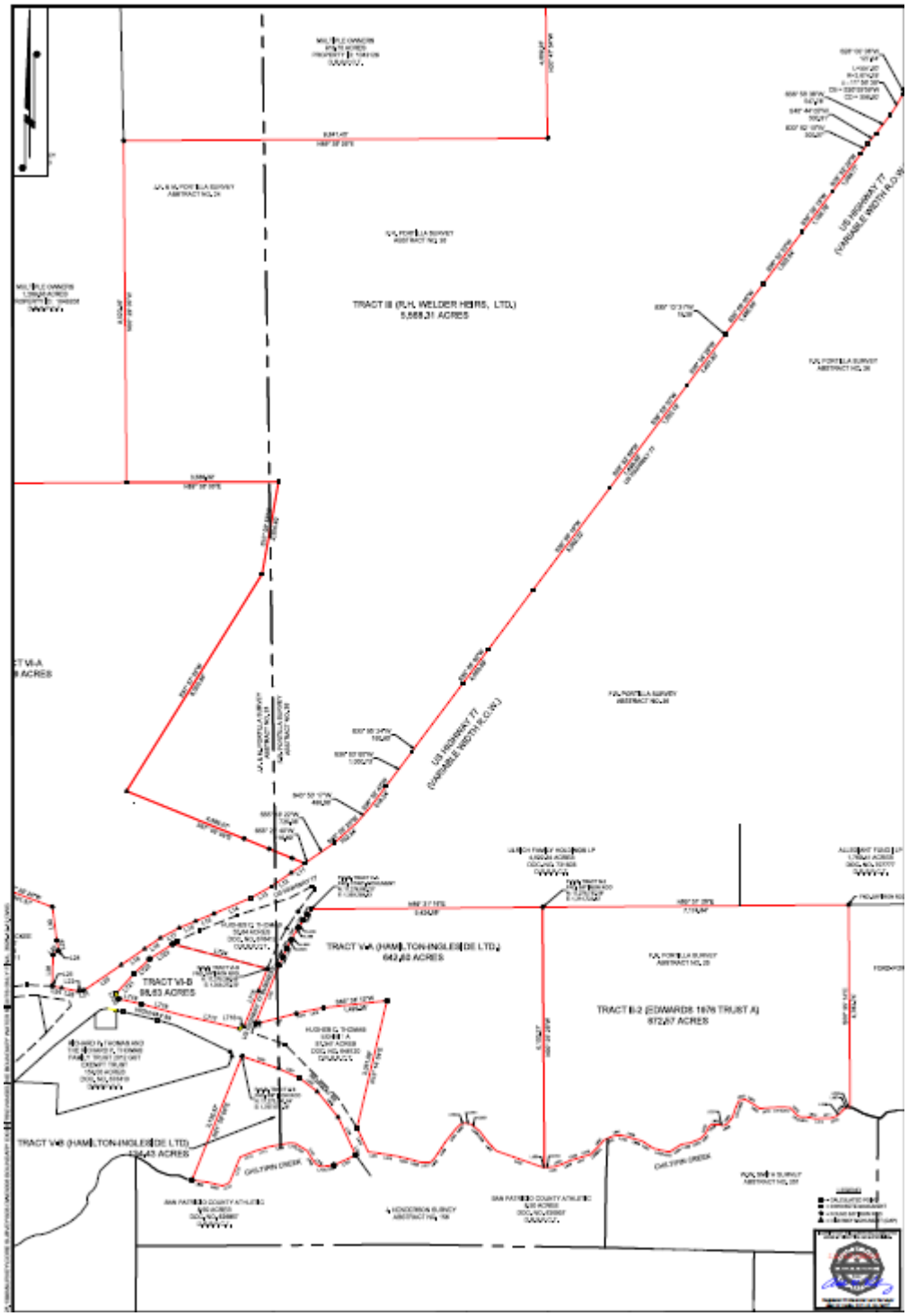

TRACT III (R.H. WELDER HEIRS, LTD.)
5,568.31 ACRES
US HIGHWAY 77
(VARIABLE WIDTH R.O.W.)
TRACT VI-A (HAMILTON-INGLESIDE LTD.)
642.62 ACRES
TRACT VI-B
98.63 ACRES
TRACT II-2 (EDWARDS 1976 TRUST A)
872.67 ACRES
TRACT VI-B (HAMILTON-INGLESIDE LTD)
134.43 ACRES
CHILTPIN CREEK

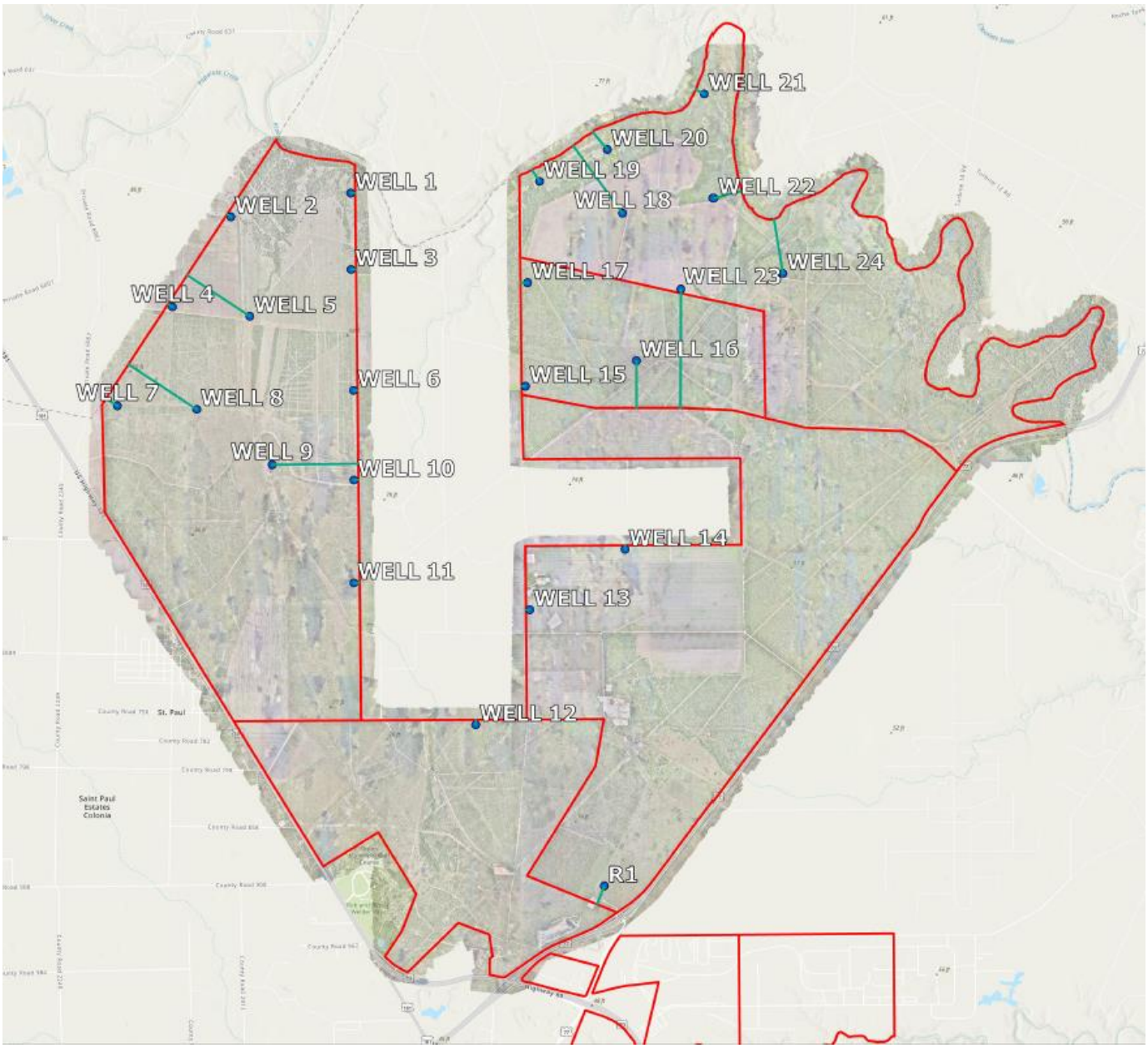
EXHIBIT "B"

Location of Major Project area attached to and made a part of that certain Surface Use Agreement – Groundwater Operations dated _____, by and between _____, as Grantor, and Evangeline/Laguna, LP, as Grantee

Depiction of Major Project Area

EXHIBIT "C"

Location of Well Sites attached to and made a part of that certain Surface Use Agreement – Groundwater Operations dated _____, by and between _____, as Grantor, and Evangeline/Laguna, LP, as Grantee



Existing Well Sites			
ID	**Group**	**X**	**Y**
5	north-west	-97.544757	28.142561
16	north-east	-97.489247	28.13652
New Well Sites Proposed			
ID	**Group**	**X**	**Y**
1	north-west		
2	north-west		
3	north-west	-97.530163	28.148404
4	north-west	-97.555864	28.14381
6	north-west	-97.529941	28.133021
7	north-west	-97.563886	28.131282
8	north-west	-97.552489	28.130764
9	north-west	-97.541706	28.123657
10	north-west	-97.529989	28.121615
11	south-west	-97.530097	28.108534
12	south	-97.512755	28.090354
13	south-east	-97.504853	28.104942
14	south-east	-97.491102	28.112522
15	north-east	-97.505234	28.133397
17	north-east	-97.5048	28.146554
18	north-east	-97.491089	28.1553
19	north-east	-97.50297	28.159436
20	north-east	-97.493194	28.163419
21	north-east	-97.479201	28.170377
22	north-east	-97.478097	28.157111
23	north-east	-97.482776	28.145589
24	north-east	-97.468289	28.147471

EXHIBIT "D"
Attached to and made a part of that certain Surface Use Agreement – Groundwater Operations dated, by and between _____, as Grantor, and Evangeline/Laguna, LP, as Grantee

Designated Entrance

The Designated Entrance is labeled as the "Designated Entrance" on the map below.

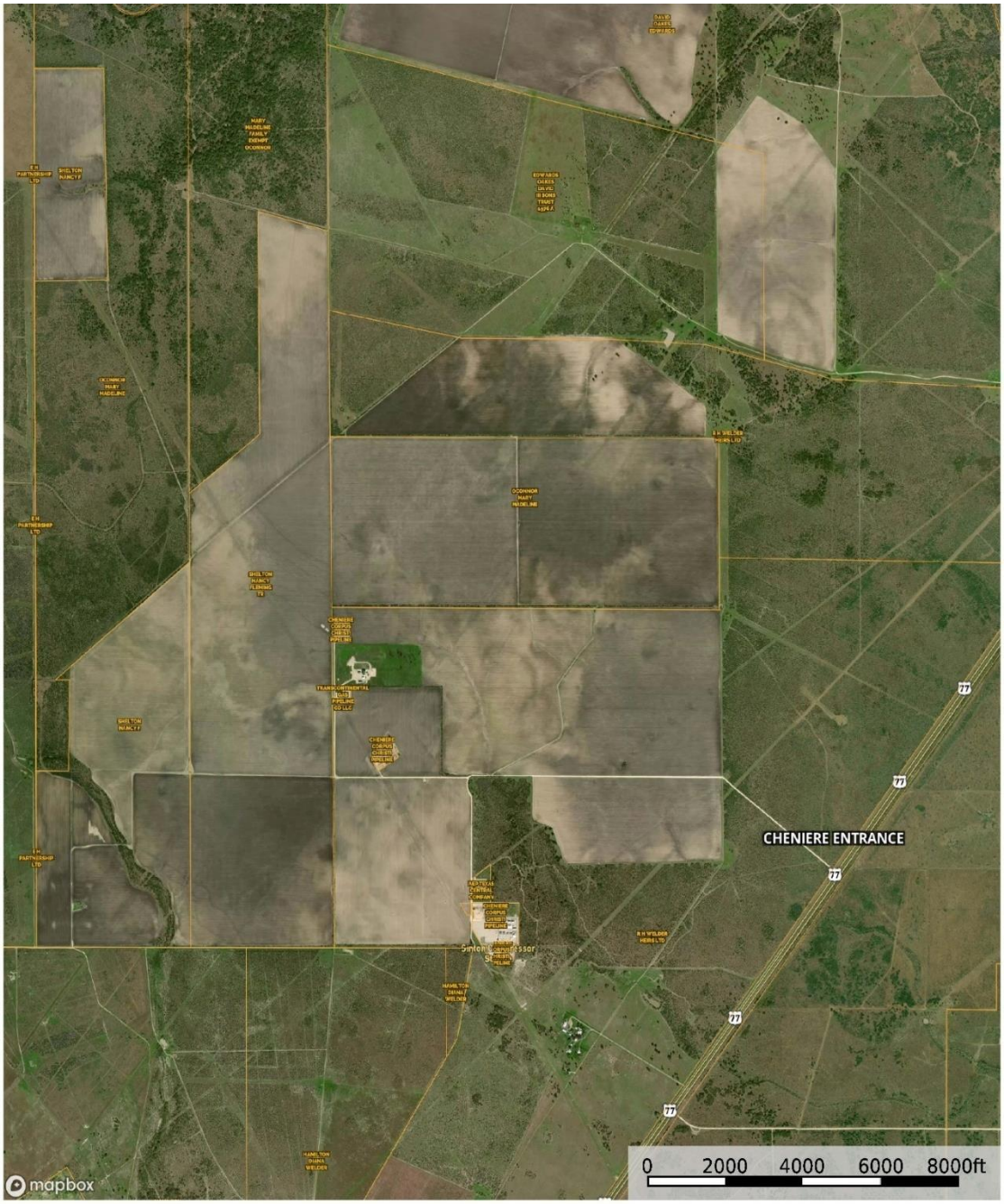
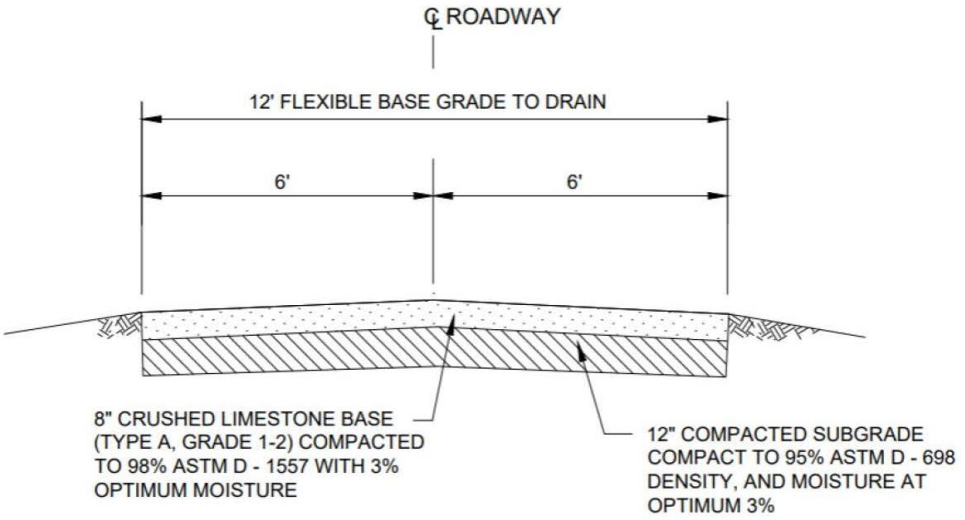


EXHIBIT "E"
Attached to and made a part of that certain Surface Use Agreement – Groundwater Operations dated, by and between _____, as Grantor, and Evangeline/Laguna, LP, as Grantee

All-Weather Gravel Road Specification

(GRANTOR MAY ELECT TO INSTALL AN OR BETTER SPECIFCATION AT GRANTOR'S SOLE DISCRETION)



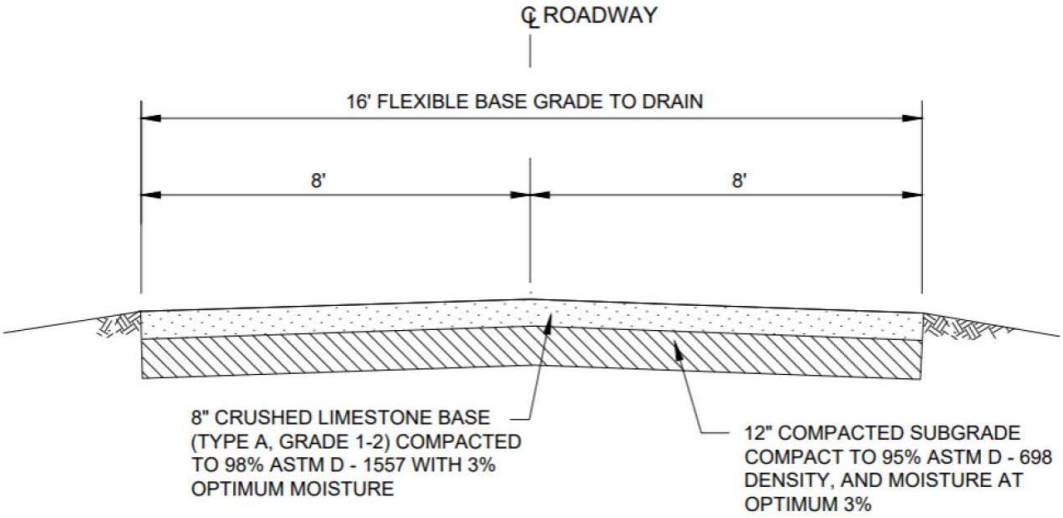


EXHIBIT "F"

Attached to and made a part of that certain Surface Use Agreement – Groundwater Operations dated, by and between _____, as Grantor, and Evangeline/Laguna, LP, as Grantee

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

MEMORANDUM OF SURFACE USE AGREEMENT AND EASEMENT – GROUNDWATER OPERATIONS

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF SAN PATRICIO §

_____, whose address is _____ ("**Grantor**") and **EVANGELINE/LAGUNA, LP**, a Texas limited partnership, whose address is 5111 Broadway, San Antonio, Texas 78209 ("**Grantee**"), hereby acknowledge and give notice that Grantor has entered into a Surface Use Agreement – Groundwater Operations (the "**Agreement**") dated September 1, 2024 (the "**Effective Date**"), with Grantee covering all of Grantor's interest in certain surface property situated in San Patricio County, Texas, and described as _____ (collectively, the "**Property**").

Subject to the other terms and provisions thereof, the Agreement grants Grantee a non-exclusive easement and right-of-way to enter upon and use the surface and subsurface of the Property for the purposes of exploring, investigating, and conducting geological, hydrogeological and geophysical surveys and tests, and drilling, operating for, producing, owning and conveying Grantee's interest in the groundwater underlying the Property and other authorized activities, subject to certain restrictions as set forth in the Agreement.

Grantor and Grantee hereby refer to the Agreement for all of its terms and provisions and incorporate the same herein by reference as fully as if it were copied at length herein. Both Grantor and Grantee have possession of a fully executed copy of the Agreement.

This Memorandum shall not be deemed to enlarge, restrict or change the rights of any of the parties to the Agreement, but is for the purpose of giving record notice of the existence of the Agreement in lieu of recording it at length in the county records. In the event of any conflict, the terms and provisions contained in the Agreement shall control and prevail over the terms and provisions of this Memorandum.

This Memorandum may be executed in multiple counterparts, each of which will be considered an original for all purposes.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, this Memorandum is dated and effective as of the Effective Date, and the parties hereto, intending to be legally bound and to bind their respective successors and assigns, executed this Memorandum as of the date of each acknowledgement herein.

GRANTOR:

-

[*signatures continue on the following pages*]

GRANTEE:

EVANGELINE/LAGUNA, LP,
a Texas limited partnership

By: Evangeline/Laguna GP, LLC,
a Texas limited liability company,
General Partner

By: _____
_____
_____

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____ 2026, by _____, Manager of Evangeline/Laguna GP, LLC, a Texas limited liability company, as General Partner of Evangeline/Laguna, LP., a Texas limited partnership, on behalf of said limited partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

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 reservoirs, formations, and horizons beneath the surface of the Real Property, excluding underflow or flow in a defined subterranean channel.

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: None

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. Grantor, for itself and the owner or owners of the surface of the Real Property, reserves all rights to Groundwater higher than and including a depth of one hundred seventy-five (175) feet beneath the surface of the Real Property solely for use in connection with the surface of the Real Property as provided in the reservations in the Surface Owners' Deeds (as hereinafter defined); provided that, such reservation is subject to the Grantee's rights to producing water from the two (2) existing wells located and depicted on Exhibit C, that are being conveyed to Grantee to the extent they are producing water at or above one hundred seventy-five (175) feet. The rights reserved by this provision may not be severed from the surface of the Real Property.

    b. The Reservations from Conveyance set forth in those certain:

        (i) Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between R.H. Welder Heirs, Ltd., a Texas limited partnership, as grantor, and Grantor, as grantee, and recorded as Document No. _____ in the Official Public Records of San Patricio County, Texas;

        (ii) Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between E-H Partnership, Ltd., a Texas limited partnership, as grantor, and Grantor, as grantee, and recorded as Document

No. _____ in the Official Public Records of San Patricio County, Texas;

(iii) Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between Prosperity Bank, in its capacity as Independent Executor of the Estate of the Estate of Oakes David Edwards, Jr., Deceased, as grantor, and Grantor, as grantee, and recorded as Document No. _____ in the Official Public Records of San Patricio County, Texas;

(iv) Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between Prosperity Bank, in its capacity as Co-Trustee of the Oakes David Edwards, III Son's Trust 1976A and Prosperity Bank, in its capacity as Trustee of the Jason S. Edwards Son's Trust 1976A, as grantors, and Grantor, as grantee, and recorded as Document No. _____ in the Official Public Records of San Patricio County, Texas;

(v) Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between Diana Welder Hamilton Ranch Partnership, Ltd., a Texas limited partnership, as grantor, and Grantor, as grantee, and recorded as Document No. _____in the Official Public Records of San Patricio County, Texas;

(vi) Amended and Restated Groundwater Rights Warranty Deed dated of even date herewith, by and between Diana Welder Hamilton Ranch Partnership, Ltd., a Texas limited partnership, as grantor, and Grantor, as grantee, and recorded as Document No. _____ in the Official Public Records of San Patricio County, Texas (clauses 5(b)(i) through 5(b)(vi) being herein collectively called the "Surface Owners' Deeds").

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells and conveys to Grantee the 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.

This deed may be executed in multiple counterparts, each of which shall be considered an original for all purposes.

[*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) and Exhibit C (Existing Wells) 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 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.

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.*]