

TCEQ Interoffice Memorandum

TO: Office of the Chief Clerk
Texas Commission on Environmental Quality

THRU: Chris Kozlowski, Team Leader
Water Rights Permitting Team

FROM: Jenna Rollins, Project Manager
Water Rights Permitting Team

DATE: February 9, 2022

SUBJECT: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

The application and fees were received on November 1, 2021. Additional information was received on February 3 and February 7, 2022. The application was declared administratively complete and accepted for filing with the Office of the Chief Clerk on February 9, 2022. Mailed notice to the interjacent water right holders of record in the Lavaca River Basin is required pursuant to Title 30 Texas Administrative Code (TAC) § 295.161(b), and mailed notice to the Texas Parks and Wildlife Department and the Public Interest Council is required pursuant to Title 30 TAC § 295.161(c).

All fees have been paid and the application is sufficient for filing.

Jenna L. Rollins

Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

OCC Mailed Notice Required ☒ YES ☐ NO

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 9, 2022

Mr. David Baros
Baros Family Investments
1314 E Sonterra Blvd. Ste. 401
San Antonio, Texas 78258

VIA E-MAIL

RE: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

Dear Mr. Baros:

This acknowledges receipt on February 7, 2022 of additional information.

The application was declared administratively complete and filed with the Office of the Chief Clerk on February 9, 2022. Staff will continue processing the application for consideration by the Executive Director.

Please be advised that additional information may be requested during the technical review phase of the application process.

If you have any questions concerning the application, please contact me via email at jenna.rollins@tceq.texas.gov or by phone at 512-239-1845.

Sincerely,

A handwritten signature in cursive script that reads "Jenna L. Rollins".

Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

Jenna Rollins

From: [REDACTED]
Sent: Monday, February 7, 2022 9:55 AM
To: Chris Kozlowski; Brooke McGregor; Jenna Rollins; Leslie Patterson; Kenneth Coonrod
Subject: Re: Baros Family Investments WRTP 13819
Attachments: Well number, depth, aquifer.pdf

See attached

Keaton Wright who has been assisting with the water will be joining the call

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

From: [REDACTED]

To: [REDACTED]

Subject: Re: Baros Family Investments WRTP 13819

Date: Mon, Feb 7, 2022 9:30 am

Attachments: Baros_Family_Investments_13819_RFI2_2.7.22.pdf (139K), Untitled.ics (5K)

Water Well #369836

Bottom Depth-780'

Formation- Yuega Jackson

Keaton Wright
(361)271-5555

On Feb 7, 2022, at 9:09 AM, [REDACTED] wrote:

Need your help

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

----- Forwarded Message -----

From: Chris Kozlowski <chris.kozlowski@tceq.texas.gov>

To: [REDACTED]; Brooke McGregor <brooke.mcgregor@tceq.texas.gov>; Jenna Rollins <jenna.rollins@tceq.texas.gov>; Leslie Patterson <leslie.patterson@tceq.texas.gov>; Kenneth Coonrod <kenneth.coonrod@tceq.texas.gov>

Sent: Monday, February 7, 2022, 08:45:06 AM CST

Subject: Baros Family Investments WRTP 13819

Good afternoon,

This is a meeting with the applicant to discuss the applicant's response to the request for information letter submitted on 2/3/22 for the Baros Family Investments application No. 13819.

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

STATE OF TEXAS WELL REPORT for Tracking #369836

Owner: **Sanchez Oil & Gas**
Address: **P.O. Box 61859**
Houston, TX 77208
Well Location: **CR 291**
Moulton, TX 77975
Well County: **Lavaca**

Owner Well #: **No Data**
Grid #: **67-31-5**
Latitude: **29° 32' 33" N**
Longitude: **097° 10' 03" W**
Elevation: **No Data**

Type of Work: **New Well**

Proposed Use: **Fracking Supply**

Drilling Start Date: **5/12/2014**

Drilling End Date: **5/22/2014**

	<i>Diameter (in.)</i>	<i>Top Depth (ft.)</i>	<i>Bottom Depth (ft.)</i>
Borehole:	17	0	780

Drilling Method: **Mud (Hydraulic) Rotary**

Borehole Completion: **Filter Packed**

	<i>Top Depth (ft.)</i>	<i>Bottom Depth (ft.)</i>	<i>Filter Material</i>	<i>Size</i>
Filter Pack Intervals:	300	834	Gravel	

	<i>Top Depth (ft.)</i>	<i>Bottom Depth (ft.)</i>	<i>Description (number of sacks & material)</i>
Annular Seal Data:	0	10	6 Cement
	10	300	24 Benseal

Seal Method: **Slurry Pump**

Distance to Property Line (ft.): **No Data**

Sealed By: **Driller**

Distance to Septic Field or other
concentrated contamination (ft.): **No Data**

Distance to Septic Tank (ft.): **No Data**

Method of Verification: **No Data**

Surface Completion: **Surface Sleeve Installed**

Water Level: **80 ft. below land surface on No Data** Measurement Method: **Unknown**
Packers: **No Data**
Type of Pump: **No Data**
Well Tests: **Jetted** Yield: **600-800 GPM**

Water Quality:

Strata Depth (ft.)	Water Type
120	Good

Chemical Analysis Made: No

Did the driller knowingly penetrate any strata which
contained injurious constituents?: No

Certification Data: The driller certified that the driller drilled this well (or the well was drilled under the driller's direct supervision) and that each and all of the statements herein are true and correct. The driller understood that failure to complete the required items will result in the report(s) being returned for completion and resubmittal.

Company Information: **Friedel Drilling Company**
555 City of Hochheim Rd.
Yoakum, TX 77995

Driller Name: **Matthew Clayton Friedel**

License Number: **3174**

Apprentice Name: **Hughie Long**

Apprentice Number: **56733**

Comments: **Moulton B H2H, B H3H**

Lithology:
DESCRIPTION & COLOR OF FORMATION MATERIAL

From (ft)	To (ft)	Description
5	Top	Soil
5	44	Clay
44	56	Sandstone, Clay
56	80	Clay
80	94	Sand
94	98	Clay, Sand
98	112	Sand
112	117	Clay, Sand
117	210	Clay
210	214	Sand, Clay
214	224	Sand
224	232	Sand, Clay
232	237	Sand
237	242	Sand, Clay
242	254	Sand
254	260	Sandstone, Clay
260	261	Hard Rock

Casing:
BLANK PIPE & WELL SCREEN DATA

Dia. (in.)	New/Used	Type	Setting From/To (ft.)
8	N	PVC Casing	+2 660
8	N	PVC Screen	660 780

261 271 Clay
271 273 Hard Rock
273 310 Clay
310 318 Sand
318 329 Sand, Clay
329 335 Sand
225 357 Sand, Clay
357 391 Clay
391 392 Hard Rock
392 421 Sand
421 433 Clay
433 442 Sand, Clay
442 510 Clay
510 526 Sand, Lig
526 535 Clay, Sand
535 586 Clay
586 588 Hard Rock
588 640 Clay
640 654 Sand
654 690 Clay
690 694 Sand, Clay
694 702 Sand
702 718 Sand, Clay
718 744 Clay, Lig
744 753 Sand, Clay
753 768 Sand
768 773 Clay, Sand
773 778 Sand
778 801 Clay
801 816 Sand, Clay
816 819 Hard Rock
819 834 Sand, Clay

IMPORTANT NOTICE FOR PERSONS HAVING WELLS DRILLED CONCERNING CONFIDENTIALITY

TEX. OCC. CODE Title 12, Chapter 1901.251, authorizes the owner (owner or the person for whom the well was drilled) to keep information in Well Reports confidential. The Department shall hold the contents of the well log confidential and not a matter of public record if it receives, by certified mail, a written request to do so from the owner.

Please include the report's Tracking Number on your written request.

**Texas Department of Licensing and Regulation
P.O. Box 12157
Austin, TX 78711
(512) 334-5540**

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 7, 2022

Mr. David Baros
Baros Family Investments
1314 E Sonterra Blvd. Ste. 401
San Antonio, Texas 78258

VIA E-MAIL

RE: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

Dear Mr. Baros:

This acknowledges receipt, on February 3, 2022, of additional information.

Additional information is required before the application can be declared administratively complete.

Provide the well number or identifier, the depth of the well, and the name of the aquifer from which the groundwater was withdrawn for the water quality data submitted February 3, 2022 by the Applicant.

Please provide the requested information by March 9, 2022 or the application may be returned pursuant to Title 30 Texas Administrative Code § 281.18.

If you have any questions concerning this matter, please contact me via email at jenna.rollins@tceq.texas.gov or by telephone at (512) 239-1845.

Sincerely,

A handwritten signature in cursive script that reads "Jenna L. Rollins".

Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

Jenna Rollins

From: Jenna Rollins
Sent: Friday, February 4, 2022 9:16 AM
To: [REDACTED]
Subject: Baros Family Investments 13819 Updated Meeting Request

Good morning Mr. Baros,

An updated meeting request was sent by Mr. Chris Kozlowski for the Baros Family Investments app No. 13819 meeting on Monday, February 7, 2022 at 10 A.M. This new meeting request has a call in number so you can call into the meeting.

Best,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

Jenna Rollins

From: [REDACTED]
Sent: Thursday, February 3, 2022 4:50 PM
To: Jenna Rollins
Subject: Re: Baros Family Investments WRTP 13819

got it. thank you

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

-----Original Message-----

From: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
To: [REDACTED]
Sent: Thu, Feb 3, 2022 4:41 pm
Subject: RE: Baros Family Investments WRTP 13819

Mr. Baros,

Thank you for your prompt response. I just sent a meeting request for tomorrow, Friday February 4, 2022, at 9:00 A.M.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

From: [REDACTED] >
Sent: Thursday, February 3, 2022 4:30 PM
To: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
Subject: Re: Baros Family Investments WRTP 13819

We can schedule for tomorrow morning

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

On Thursday, February 3, 2022, 04:02:18 PM CST, Jenna Rollins <jenna.rollins@tceq.texas.gov> wrote:

Good afternoon Mr. Baros,

We would like to schedule a brief meeting over Microsoft Teams to discuss the response to the request for information letter submitted on February 3, 2022 for the Baros Family Investments application No. 13819. Please let me know a good day and time you are available to meet, and we will get it set up. Please call me if you have any questions.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

Jenna Rollins

From: [REDACTED]
Sent: Thursday, February 3, 2022 11:06 AM
To: Jenna Rollins
Subject: Re: Baros Family Investments, WRTP 13819
Attachments: Completed TCEQ Questionnaire.pdf

See attached.

Please let me know if I missed something

Thank you Jenna

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 14, 2021

Mr. David Baros
Baros Family Investments
1314 E Sonterra Blvd. Ste. 401
San Antonio, Texas 78258

VIA E-MAIL

RE: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

Dear Mr. Baros:

This acknowledges receipt, on November 1, 2021, of the referenced application, and fees in the amount of \$351.25 (Receipt No. M202582, copy attached).

Additional information is required before the application can be declared administratively complete.

1. Indicate measures the applicant will take to avoid impingement and entrainment of aquatic organisms (ex. Screens on any new diversion structure that is not already authorized in a water right). Perforated/Screened Stingers will be attached to Suction line from prevention
2. Provide reasonably current water chemistry information for the groundwater to be discharged, including but not limited to the following parameters in the table below. Additional parameters may be requested if there is a specific water quality concern associated with the aquifer from which water is withdrawn. If data for onsite wells are unavailable; historical data collected from similar sized wells drawing water from the same aquifer may be provided. However, onsite data may still be required when it becomes available. Complete the information below for each well and provide the Well Number or identifier, the depth of the well, and the name of the aquifer from which the groundwater will be withdrawn.

Parameter	Average Conc.	Max Conc.	No. of Samples	Sample Type	Sample Date/Time
Sulfate, mg/L	7.3	8.07	1	container	1/26/2022
Chloride, mg/L	12.2	12.3	1	container	1/26/2022

Total Dissolved Solids, mg/L	262.00	262.00	1	container	1/26/2022
pH, standard units	8.8	9.1	1	container	1/26/2022
Temperature*, degrees Celsius	21.5 Celsius	21.5 Celsius	1	gauge	1/26/2022

*Temperature must be measured on site at the time the groundwater sample is collected.

3. Confirm the location of the diversion point in decimal degrees. Staff notes that the coordinates for the diversion point on the map are in degrees, minutes, and seconds. Staff has calculated the coordinates of the diversion point on the reservoir to be Latitude 29.545163° N and Longitude 97.168417° W. **location is confirmed**
4. Provide the maximum rate at which groundwater will be discharged. **2000 gpm**
5. Provide a copy of a duly acknowledged document evidencing consent to the application from the landowner and any others having jurisdiction over the reservoir where the proposed diversion point is located, pursuant to Title 30 Texas Administrative Code (TAC) § 295.10. If Applicant is the landowner, provide a recorded copy of the deed(s) for the property where the reservoir is located. The deed should include the legal description of the land (metes and bounds). *See attached*
6. Provide written evidence that Mr. David Baros is authorized to sign the application for Baros Family Investments pursuant to Title 30 TAC § 295.14. *See Partnership agreement attached*
7. Clarify the legal name of the applicant. The name Baros Family Investments as stated on the submitted application is not listed on the Texas Secretary of State website.
Baros Family Investments. (a general partnership)

Please provide the requested information by January 13, 2022 or the application may be returned pursuant to Title 30 TAC § 281.18.

If you have any questions concerning this matter, please contact me via email at jenna.rollins@tceq.texas.gov or by telephone at (512) 239-1845.

Sincerely,

Jenna L. Rollins

Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

Attachment



02-NOV-21 11:24 AM

TCEQ - A/R RECEIPT REPORT BY ACCOUNT NUMBER

<u>Fee Description</u>	<u>Fee Code</u> <u>Account#</u> <u>Account Name</u>	<u>Ref#1</u> <u>Ref#2</u> <u>Paid In By</u>	<u>Check Number</u> <u>Card Auth.</u> <u>User Data</u>	<u>CC Type</u> <u>Tran Code</u> <u>Rec Code</u>	<u>Slip Key</u> <u>Document#</u>	<u>Tran Date</u>	<u>Tran Amount</u>
TEMP/EMERG WTR USE PRMT ISSUE	EMG EMG	M202582	2930 110221	 N	BS00089757 D2800492	02-NOV-21	-\$351.25
J. Collins TEMPORARY/EMERGENCY WTR USE PERMIT ISSUE		BAROS FAMILY INVESTMENTS	VHERNAND	CK			
Total (Fee Code):							-\$351.25
Grand Total:							-\$67,599.03

RECEIVED
NOV 03 2021
Water Availability Division

GRANSTAFF, GAEDKE & EDGMON, P.C.

5535 Fredericksburg Road, Suite 110

San Antonio, Texas 78229

Telephone: (210) 348-6600

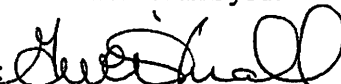
Fax: (210) 366-0892

Please excuse our informality, but to ensure you receive this promptly, I am mailing the enclosed without a formal letter.

To: David L. Baros
1314 E. Sonterra Blvd., Suite 401
San Antonio, Texas 78258

Our File: 10755

Remarks: Enclosed is the original of the Special Warranty Deed that was filed in the Lavaca County Clerks office on November 19, 2014. Should you have any questions, please give us a call. Thank you.

By:  12/4/14
Gwen Vinall, Legal Assistant



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.

SPECIAL WARRANTY DEED

Date: November 14, 2014

Grantor: DAVID L. BAROS, Successor Trustee of the *JAMES A. BAROS FAMILY TRUST*

Grantor's Mailing Address:

David L. Baros, Trustee
1314 E. Sonterra Blvd.
Suite 401
San Antonio, TX 78258
Bexar County

Grantee: BAROS FAMILY INVESTMENTS, a Texas general partnership

Grantee's Mailing Address:

David L. Baros, Managing Partner
1314 E. Sonterra Blvd.
Suite 401
San Antonio, TX 78258
Bexar County

Consideration:

Pursuant to the terms of the James A. Baros Family Trust and agreement of the beneficiaries thereof.

Property (including any improvements):

All of that certain parcel of land containing 186 acres, more or less, situated in Lavaca County, Texas, and being more particularly described on Exhibit "A" attached hereto and incorporated herein for all purposes.

Reservations from Conveyance: None.

Exceptions to Conveyance and Warranty:

This conveyance is expressly made and accepted subject to all matters on the ground that a true and correct survey would reveal; all validly existing easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded and validly existing instruments; and all zoning laws, regulations and ordinances of municipal and/or other governmental authorities relating to the above described property; and taxes for 2014, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes.

Grant, Habendum, and Warranty:

Grantor for the Consideration and subject to the Reservations from Conveyance and Exceptions to Conveyance and Warranty, grants, sells and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging (including, without limitation, all permits, vested rights and related privileges with respect thereto, if any) to have and hold it to Grantee and Grantee's heirs, executors, administrators, 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, and except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

When the context requires, singular nouns and pronouns include the plural.

This instrument was administratively prepared by Granstaff, Gaedke & Edgmon, P.C. from information provided by the Grantor. No opinion as to title is made or should be construed from this instrument. Granstaff, Gaedke & Edgmon, P.C. has not examined the title to the subject property or otherwise investigated the accuracy of the information provided.

{Signature Page Follows}

GRANTOR:



DAVID L. BAROS, Substitute Trustee of the
JAMES A. BAROS FAMILY TRUST

THE STATE OF TEXAS

COUNTY OF Bexar

§
§
§

This instrument was acknowledged before me on November 14, 2014, by
DAVID L. BAROS in the capacity stated.



Notary Public for the State of Texas

AFTER RECORDING RETURN TO:

David L. Baros
1314 E. Sonterra Blvd., Suite 401
San Antonio, Texas 78258

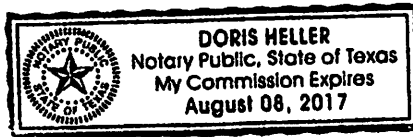


EXHIBIT "A"

FIRST TRACT:

Being part of the D. Files, T. D. Fisher, and Wm. Strode Surveys in Lavaca County, Texas, and more fully described as follows, to wit:
BEGINNING at a stake set for the SW corner of the Wm. Chase League;
THENCE E 179 varas to Reischls NW corner;
THENCE S 432 varas to a stone;
THENCE W 815 varas to a stake set on the Wincik East line;
THENCE N 362 varas to Wincik's NE corner;
THENCE W 287 varas to White's SE corner;
THENCE N 283 varas to a stone;
THENCE E 923 varas to stone set on the west line of the Chase League;
THENCE S 213 varas to the place of beginning, containing 100-3/4 acres of land.

Also a strip of land for road purposes situated along the south line of a 326 acre tract deeded by J. T. Thornton to J. H. White, described as follows:

BEGINNING at a stake set on the S line of the Wm. Strode League 107 varas East from the SW corner of the said 326 acre tract;
THENCE E 403 varas to a stake;
THENCE N 9 varas to a stake;
THENCE W 403 varas to a stake;
THENCE S 9 varas to the place of beginning, containing 6/10 acre of land.

The above being the same land conveyed to Jos. Zavesky by Frank Kolar and wife, Josefa Kolar, by deed dated the 21st day of November, A.D. 1904, and recorded in Vol. 43, Pages 523-524, of the Deed Records of Lavaca County, Texas, to which reference is hereby made for all purposes.

SECOND TRACT:

85 and 23/100 acres, a part of the David Files and J. S. Fisher Surveys and being also part of the "Old Reischl Homestead", and being the same land conveyed in Deed from John Antrich et ux to August Etlinger, dated November 5, 1945, and appearing of record in Vol. 148, Pages 392, et seq, of the Deed Records of Lavaca County, Texas, to which reference is hereby made.

FILED AND RECORDED

Instrument Number: 208800 V: 670 P: 27

Filing and Recording Date: 11/19/2014 09:42:13 AM Pages: 5 Recording Fee: \$38.00

I hereby certify that this instrument was FILED on the date and time stamped hereon by me and was duly RECORDED in the OFFICIAL PUBLIC RECORDS of Lavaca County,



Elizabeth A. Kouba

Elizabeth A. Kouba, County Clerk
Lavaca County, Texas

DO NOT DESTROY - Warning, this document is part of the Official Public Record.

barbaras

Returned To:
GRANSTAFF GAEDKE & EDGMON, PC
5535 FREDICKSBURG RD STE 110
SAN ANTONIO, TX 78229
Filed By: GWEN VINALL
Destination: Labels

**AMENDED AND RESTATED PARTNERSHIP AGREEMENT OF
BAROS FAMILY INVESTMENTS**
(A Texas General Partnership)

THIS AMENDED & RESTATED PARTNERSHIP AGREEMENT (hereinafter "Agreement"), is made effective as of March 1, 2011, by and between Estelle F. Baros, Susan B. Dahlberg, James A. Baros, Jr., Larry W. Baros, Donna K. Osborne and David L. Baros (the "Partners").

ARTICLE I
FORMATION, NAME, PRINCIPAL OFFICE, TERM, RECORDS

1.1 Formation of Partnership. The parties hereto hereby form, pursuant to the TBOC, a General Partnership, which organization is hereinafter referred to as the "Partnership." The rights, duties, status and liabilities of the Partners shall, except as hereinafter expressly stated to the contrary, be as provided for in the TBOC.

1.2 Partnership Name. The business of the Partnership shall be conducted under the name of Baros Family Investments or such other name as the Partners may select from time to time. As necessary, the Partners shall promptly execute, file, record and/or publish with the proper offices an assumed name certificate.

1.3 Principal Office. The principal place of business of the Partnership shall be at 1314 E. Sonterra Blvd., Suite 401, San Antonio, Texas 78258, but substitute or additional places of business may be established at such other locations as may, from time to time, be determined by the Consent of Partners.

1.4 Term of Partnership. The Partnership shall become effective upon the execution of this Agreement and shall remain effective for a term of twenty-five years, or until the Partnership is dissolved pursuant to this Agreement or the TBOC.

1.3 Records. The Partnership shall keep complete and accurate records of Partnership transactions. All records of the Partnership will be maintained at the principal office. Any Partner shall have the right upon reasonable written notice to the Partnership to inspect and copy the records of the Partnership, at the expense of the Partner requesting the records.

ARTICLE II
DEFINITIONS

Whenever used in this Agreement, the terms set forth below shall be defined as follows:

2.1 "Additional Capital Contribution" shall mean that amount of money or other property, if any, that the Partners may agree to contribute to the Partnership for additional capital, if any, to be used for operating capital.

2.2 "Affiliate" means, with respect to a Partner, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or under common control with such Partner. The term "control," as used in this definition means, with respect to a Person that is a corporation, the right to exercise, directly or indirectly, more than ten percent (10%) of the voting rights attributable to the shares of the controlled corporation, and with respect to a Person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled Person.

2.3 "Capital Contribution" means the total contribution to the capital of the Partnership which a Partner is legally bound and obligated to make, which amount is designated as a Capital Contribution for such Partner pursuant to Article IV of this Agreement.

2.4 "Code" means the Internal Revenue Code as hereinafter, as from time to time amended.

2.5 "Consent of Partners" shall mean the affirmative consent of all of the Partners Entitled to Vote, less one, obtained at a duly called meeting of Partners. For example if there are five Partners Entitled to Vote, the Consent of the Partners means the consent of four Partners Entitled to Vote; or if there are three Partners Entitled to Vote, the Consent of the Partners means the consent of two Partners Entitled to Vote. The term "Partners Entitled to Vote" does not include "Transferees" or "Unauthorized Transferees".

2.6 "Contribution Agreement" means the Agreement between the Partnership and Estelle Baros, executed concurrently herewith, relating to the contribution made by Estelle Baros and the value of the contribution, made by Estelle Baros.

2.7 "Default Rate of Interest" shall mean the rate per annum equal to the lesser of (a) the Wall Street Journal prime rate as quoted in the money rates section of the Wall Street Journal which is also the base rate on corporate loans at large United States money center commercial banks as its prime commercial or similar reference interest rate, with adjustments to be made on the same date as any change in the rate, and (b) the maximum rate permitted by applicable law.

2.8 "Distributable Cash" shall mean, at the time of determination for any period (on the cash receipts and disbursements method of accounting), all Partnership cash derived from the conduct of the Partnership's business, including distributions from entities owned by the Partnership, cash from operations or investments, and cash from the sale or other disposition of Partnership property, other than: (a) Capital Contributions; (b) financing or other loan proceeds; (c) reserves for working capital; (d) cash proceeds derived from the sale of Partnership investments except where the Partners have determined such cash proceeds will not be reinvested; and (d) other amounts that the Partners reasonably determine should be retained by the Partnership in accordance with the Partners' discretion under section 6.1 hereof.

2.9 "Initial Capital Contribution" shall mean that amount of money or property initially contributed by the Partners as set forth in Section 4.2 hereof.

2.10 "Partner" or "Partners" shall mean Estelle F. Baros, Susan B. Dahlberg, James A. Baros, Jr., Larry W. Baros, Donna K. Osborne and David L. Baros as well as any other Person admitted to the Partnership as a Partner pursuant to Article IX hereof. The terms Partner or Partners does not include Transferees, Unauthorized Transferees, or any successor of any Partner except for those successors admitted to the Partnership as successor Partners pursuant to Article IX hereof.

2.11 "Partners Entitled to Vote" means the Partners as defined in Section 2.10 hereof, but does not include "Transferees" or "Unauthorized Transferees".

2.12 "Partnership Property" shall mean that property, real, personal, or mixed, tangible or intangible, or an interest in that property, which is contributed to or acquired by the Partnership.

2.13 "Person" shall mean any individual, corporation, business trust, estate, trust, custodian, trustee, executor, administrator, nominee, partnership (including a registered limited liability partnership and a limited partnership), association, limited liability company, government, governmental subdivision, governmental agency, governmental instrumentality, and any other legal or commercial entity, in its own or representative capacity

2.14 "Profits" or "Losses" means, for each fiscal year or other period, profits and losses as determined by the accounting method generally employed by the Partnership and consistently applied. If there is any dispute as to the specific method of accounting to be employed in any particular situation, the Partnership shall use Generally Accepted Accounting Principals unless another method is established by the Consent of the Partners.

2.15 "TBOC" means the Texas Business Organizations Code as hereinafter, as from time to time amended.

2.16 "Transfer" when used as a noun shall mean any voluntary or involuntary transfer, sale, pledge, hypothecation, assignment or other disposition, and as a verb shall mean voluntarily or involuntarily to transfer, sell, pledge, hypothecate, assign or otherwise dispose.

2.17 "Transferee" shall mean a Person who has acquired all or a portion of an interest in the Partnership by assignment or Transfer without first obtaining the Unanimous Consent of the Partners. The term "Transferee" also includes "Unauthorized Transferees". A Transferee has only the minimal rights granted under the TBOC, including, Sections 152.401-152.405 of the TBOC. A Transferee does not have the right to become a Partner, except as provided in this Agreement. For a proper purpose, a Transferee may require reasonable information or an account of Partnership transactions and make reasonable inspection of the Partnership books upon reasonable notice to the Partnership and at the expense of the Transferee. In addition, no Transferee of an interest in the Partnership shall have the right to assign any transferred interest except as otherwise provided in this Agreement.

2.18 Unanimous Consent of the Partners” means the written consent of all the Partners Entitled to Vote at any meeting of the Partners. The term “Partners Entitled to Vote” does not include “Transferees” or “Unauthorized Transferees”.

2.19 Unauthorized Transferee” means a Transferee who is not a direct lineal and legitimate decedent (born or adopted) of Estelle Baros or her issue.

2.20 "Wholly Owned Affiliate" of any Person shall mean an Affiliate of such Person, 100% of the voting stock or beneficial ownership of which is owned by such Person, directly or indirectly, through one or more Wholly Owned Affiliates, or by any Person who, directly or indirectly, owns 100% of the voting stock or beneficial ownership of such Person, and an Affiliate of such Person who, directly or indirectly, owns 100% of the voting stock or beneficial ownership of such Person.

ARTICLE III **PURPOSE**

3.1 Purposes of the Partnership. The purposes of the Partnership shall be (a) to own, hold, sell, develop, lease, dispose of, exchange, convert, manage, exercise voting rights with respect to, and otherwise exercise all of the rights, duties and obligations of an owner of the Partnership Property; (b) to reinvest, in any manner and in any real or personal property which the Partners deem appropriate, all proceeds derived from the Partnership Property; (c) to invest the Partnership Property in any manner deemed reasonable by the Partners, in any real or personal property; and (d) to conduct any other business or make any investment which a partnership may make without violating the TBOC or any other applicable law.

3.2 Powers. The Partners, upon the Consent of the Partners, may make, enter into, deliver and perform all contracts, agreements or undertakings, pay all costs and expenses and perform all acts deemed appropriate by the Partners to carry out the Partnership purposes, subject to the limitations of this Agreement and the TBOC.

3.3 Restraints on Competition By Partners. It is acknowledged that the Partners may in the future, from time to time, obtain additional opportunities for investment in other business enterprises. Each Partner shall be free to acquire such interests in other business enterprises as such Partner may in such Partner's sole discretion deem desirable without having to offer interests in such business enterprises to the other Partners or this Partnership, and such action on the part of any Partner shall not be deemed a breach of any fiduciary relationship owed by that Partner to the other Partners or the Partnership. Participation in the Partnership shall not in any way act as a restraint on the other present or future business activities or investments of a Partner (or any Affiliate of a Partner), or any employee, officer, director, member, manager, or shareholder of a Partner. As a result of this Agreement, no Partner (or Affiliate of any Partner), shall be obligated or bound to offer the Partnership or any of the other Partners any business opportunity presented to or offered to them or the Partnership as a prerequisite to the acquisition of or investment in such business opportunity by such Partner (or any Affiliate of a Partner), or any employee, officer, director, member, manager, or shareholder of such Partner for its account

or the account of others. Any such business or activity of a Partner (or any Affiliate of a Partner), or any employee, officer, director, member, manager, or shareholder of a Partner may be undertaken with or without prior notice to or participation therein by the Partnership or the other Partners. Each Partner and the Partnership hereby waive any right or claim such Partner or the Partnership may have against a Partner (or any Affiliate of a Partner), or any employee, officer, director, member, manager, or shareholder of a Partner with respect to such business or activity or the income or profits thereof.

3.4 Doing Business With Affiliates. Upon the Consent of the Partners, the Partnership may contract with any of the Partners or their Affiliates for the purchase of goods and services for the benefit of the Partnership at any time provided that the compensation paid to such Person shall be commensurate with rates prevailing for such services at the time such services are performed, and any charges so incurred shall be deemed expenses of the Partnership. Upon the Consent of the Partners, the Partnership shall have the authority to enter into any transaction despite the fact that another party to the transaction may be (a) a trust of which a Partner is a trustee or beneficiary; (b) an estate of which a Partner is a personal representative or beneficiary; (c) a business controlled by one or more Partners or a business of which any Partner is also a director, officer, partner, member, manager or employee; (d) any Affiliate, employee, stockholder, associate, manager, partner, or business associate; (e) any Partner, acting individually; or (f) any relative of a Partner; provided the terms of the transaction are no less favorable than those the Partnership could obtain from unrelated third parties.

ARTICLE IV **CAPITAL CONTRIBUTIONS AND** **SHARES OF PROFITS AND LOSSES**

4.1 Ownership Percentages. The percentage interest of each Partner will be determined by dividing the balance of such Partner's capital account by the total of all of the capital accounts of all Partners. A Partner's percentage interest will be determinative of: (a) a Partner's ownership interest in the Partnership as an entity; (b) a Partner's interest in the distribution of Distributable Cash; (c) a Partner's allocable share of the items of Profits and Losses; and (d) a Partner's distributive share of cash and other property upon dissolution of the Partnership.

4.2 Capital Contributions. Receipt is hereby acknowledged for each Partner of the following Capital Contributions:

Partner

Estelle F. Baros

Contributed Property

The mineral interests more particularly described in the Contribution Agreement executed by the Partners on this date having an agreed value as stated in the appraisal to be provided pursuant to the Contribution Agreement

Partner

Contributed Property

Susan B. Dahlberg

Previously contributed cash or marketable securities having a value of [REDACTED] as of February 28, 2011, and held by Ameriprise Financial in the name of the Partnership.

James A. Baros, Jr.

Previously contributed cash or marketable securities having a value of [REDACTED] as of February 28, 2011, and held by Ameriprise Financial in the name of the Partnership.

Larry W. Baros

Previously contributed cash or marketable securities having a value of [REDACTED] as of February 28, 2011, and held by Ameriprise Financial in the name of the Partnership.

Donna K. Osborne

Previously contributed cash or marketable securities having a value of [REDACTED] as of February 28, 2011, and held by Ameriprise Financial in the name of the Partnership.

David L. Baros

Previously contributed cash or marketable securities having a value of [REDACTED] as of February 28, 2011, and held by Ameriprise Financial in the name of the Partnership.

4.3 Additional Capital Contributions. The Partners shall not be permitted to make Additional Capital Contributions except upon the Consent of the Partners. After the death or incapacity of any one of the original Partners (Susan B. Dahlberg, James A. Baros, Jr., Larry W. Baros, Donna K. Osborne or David L. Baros), no Additional Contributions may be made to the Partnership except for the purpose of paying legitimate expenses of the Partnership on a pro rata basis. Funds advanced to the Partnership by a Partner which are not Additional Capital

Contribution which shall be the fair market value of the assets such Partner contributed. A Partner's capital account shall be credited with its Additional Capital Contribution, and such Partner's share of Partnership Profits. A Partner's capital account shall be decreased by the amount of money and the fair market value of property distributed to such Partner and by the amount of Partnership losses charged to such Partner. The capital accounts shall not bear interest. Additional Capital Contributions shall be recorded at the fair market value of the assets contributed by the Partner and the distributions to a Partner shall also be recorded at the fair market value of the assets distributed.

4.5 Return of Capital. No Partner shall have the right to withdraw, demand a return or reduce his, her or its Capital Contribution to the Partnership. In the event a return of or reduction in the capital account of a Partner is made, any amounts paid to such Partner shall be reduced by all costs, fees and other expenses incurred by the Partnership in facilitating such return of or reduction in capital.

4.6 Additional Operating Capital. No Partner shall have any obligation to make additional contributions of capital to the Partnership or make any loan to the Partnership, and no Partner shall have any liability to the Partnership or any other Partner by virtue of refusing to make any additional contributions of capital or loans to the Partnership.

4.7 Use of Contributions. The cash and property contributed by the Partners will be utilized by the Partnership for the purposes of the Partnership set forth in Article III.

4.8 Nature of Interests. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity. No Partner shall have any direct ownership of any Partnership property.

ARTICLE V **ACCOUNTING**

5.1 Profits and Losses. Profits or Losses for any fiscal year shall be allocated among the Partners in proportion to their ownership interests in the Partnership, unless a different allocation is agreed to in writing by Unanimous Consent of the Partners.

5.2 Fiscal Year and Annual Accounting. The Partnership fiscal year shall be the calendar year. The Partnership books shall be kept on the cash receipts and disbursements method of accounting. The Partnership shall furnish to the Partners, on an annual basis, accounting reports reflecting Partnership income and expenses. In addition, the Partnership shall provide the Partners with the full annual Partnership tax return for the preceding year in a timely manner to comply with all Code reporting deadlines.

ARTICLE VI **DISTRIBUTIONS**

6.1 Distributions of Partnership Funds. Except as determined otherwise by the

Consent of the Partners and except as otherwise provided herein, the Partnership is required to make mandatory Distributions of all Distributable Cash in excess of [REDACTED]

[REDACTED] not later than the fifteenth (15th) day of each calendar month.

With regard to Distributable Cash and other Partnership Property, the Partners shall make a determination, in accordance with such Partners' duty of care and loyalty to the Partnership, as to the need for the Partnership Property in the operation of the Partnership business, considering current needs for operating capital and prudent reserves for future operating capital, all in keeping with the Partnership's purposes. It is the duty of the Partners, in determining the amount of Distributable Cash available for the payment of distributions, to take into account the needs of the Partnership in its business and sums necessary in the operation of its business until the income from further operations is available, the amounts of its debts, the necessity or advisability of paying its debts, or at least reducing such debts within the limits of the Partnership's credit, and the preservation of its capital as represented in the Partnership Property as a fund for the protection of its creditors. Unless agreed in writing by a transferor and transferee, Distributable Cash allocable to a transferred Partnership interest which may have been transferred shall be distributed to the holder of such Partnership interest who was recognized as the owner on the date of such distribution, without regard to the results of Partnership operations during the year.

6.2 Loans. Any Person may, upon the Consent of the Partners, lend or advance money to the Partnership. If any Partner shall make any loan or loans to the Partnership or advance money on its behalf, the amount of any such loan or advance shall not be treated as a Capital Contribution but shall be a debt due from the Partnership. The amount of any such loan or advance by a lending Partner shall be repayable out of the Partnership's cash and shall bear interest at such rate as the Partners and the lending Partner shall agree but not in excess of the maximum rate permitted by law. If a Partner, or an Affiliate of a Partner, is the lending Partner, the rate of interest shall be determined by the Partners taking into consideration, without limitation, prevailing interest rates and the interest rates such Partner or an Affiliate of such Partner would be required to pay in the event such Partner or Affiliate of such Partner had itself borrowed funds to loan or advance to the Partnership, and the terms and conditions of such loan, including the rate of interest, shall be no less favorable to the Partnership than if the lender had been an independent third party.

6.3 Tax Distributions. If for any Partnership Year, the Partnership reports taxable income (including gains from the disposition of Partnership Assets), the Partners shall cause the Partnership to make a distribute Distributable Cash in amounts sufficient to pay the federal income tax liability of each Partner associated with the Partnership's taxable income. Such distribution shall be made to the Partners in proportion to the taxable income allocated to them in accordance with the provisions of this Agreement and shall be in an amount equal to the taxable income so allocated multiplied by the maximum rate of federal income tax imposed upon individuals under the Code at the time such allocation is made. When determining the amount of any required distribution under this Section, the amount of any previous distributions made during the calendar year in which the tax liability accrued shall be taken into account.

ARTICLE VII
POWERS, RIGHTS AND DUTIES OF PARTNERS

7.1 Time Devoted to Partnership Business. The Partners shall not be required to devote full time to the affairs of the Partnership, but shall diligently and faithfully devote whatever time, effort, and skill may be necessary for the conduct of the Partnership's business, and shall perform all of the duties of a Partner which are provided for in this Agreement and the TBOC. Notwithstanding the foregoing, it is not anticipated that any Partner will be required to devote any significant time to conducting the business of the Partnership.

7.2 Management.

(a) **Appointment of Managing Partner.** Upon the Consent of the Partners, the Partners may appoint a Partner as Managing Partner. The Managing Partner shall serve until the designation is revoked by the Consent of the Partners, or until such Managing Partner is removed by the Consent of the Partners, or the Managing Partner ceases to serve for any other reason. If a Managing Partner is designated, the Managing Partner is authorized and directed to manage and control the assets and the business of the Partnership. The Managing Partner may exercise all of the powers which could be exercised by Partners, subject to the limitations described in sections 7.4 and 7.5 of this Agreement or any limitations described in any document appointing the Managing Partner. It is understood and agreed that the Managing Partner shall consult and confer with the Partners before taking any steps resulting in any substantial change in the operation or policies of the Partnership affairs, or the sale of any portion of the Partnership assets other than in the usual course of business, or in any manner which affects the Partnership business in a manner judged unusual by the Partners in the ordinary operation of the Partnership business. If a Managing Partner is serving as such, any reference to "Partner" or "Partners" in this Agreement shall also include "Managing Partner" if applicable.

(b) **Appointment of Financial Manager.** The Partners hereby appoint David Baros as the "Financial Manager" of the Partnership. The Financial Manager shall have the authority to conduct the day to day financial affairs of the Partnership including, but not limited to, the authority listed in Section 7.3(a) relating to the conduct of the day to day affairs of the Partnership, and Section 7.3(d) relating to the designation and establishment of a depository for Partnership funds and the ability to draw upon the same for Partnership purposes. It is understood and agreed that the Financial Manager shall consult and confer with the Partners before taking any steps resulting in any substantial change in the operation or policies of the Partnership affairs, or in any manner which affects the Partnership business in a manner judged unusual by the Partners in the ordinary operation of the Partnership business. The Financial Manager shall serve until he is removed or replaced upon the Consent of the Partners.

7.3 Authority of Partners. Subject to the limitations of this Agreement, and to the duties, obligations and limitations imposed upon the Partners at law, the Partners, acting collectively, shall manage the day-to-day operations of the Partnership. The Partners, acting collectively, shall have the authority to take any action which the Partners believe in good faith to be in furtherance of the Partnership business and purposes and to exercise all rights and powers

generally conferred by law in connection therewith. No Person dealing with the Partnership shall be required to inquire into, or obtain any consents or other documentation as to the authority of the Partners to take any such action or to exercise any such rights or powers. Specifically:

(a) The Partners shall have the right, power and authority on behalf of the Partnership:

(1) To receive and hold all Partnership Property in the name of the Partnership;

(2) To obtain and maintain such insurance as is deemed to be desirable and appropriate by the Partners;

(3) To open, maintain, and close bank accounts, brokerage accounts and checking accounts in the name of the Partnership, to designate and change signatories on such accounts, and to draw checks and other orders for the payment of monies;

(4) To engage accountants, attorneys and any and all other agents and assistants, both professional and non-professional, which may include the Partners, and to compensate them reasonably for services rendered;

(5) To collect all sums due to the Partnership;

(6) To prepare and file all tax returns of the Partnership and to make all elections for the Partnership thereunder;

(7) To the extent that funds of the Partnership are available therefor, to pay as they become due all debts and obligations of the Partnership;

(8) To vote and exercise all other rights available to the holder of any securities included in the Partnership Property; and

(9) To take any and all other action, including legal action, that the Partners deem necessary, appropriate or advisable in furtherance of the Partnership's business and purposes.

(b) The Partners shall have the sole authority to manage, deal with, negotiate and contract with respect to, and convey the Partnership Property on behalf of the Partnership.

(c) The Partners shall act in good faith in the performance of the Partners' obligations hereunder but shall have no liability or obligation to any other Partner or the Partnership for any decision made or action taken in connection with the discharge of the Partners' duties hereunder if such decision or action is made or taken in good faith and in the exercise of due care in connection with the Partnership business.

(d) The Partners shall have the power to designate, from time to time, a depository of Partnership funds, and to draw upon the same for Partnership purposes.

(e) Any person dealing with the Partnership or the Partners may rely on a certificate signed by the Partners concerning:

(1) The identity of the Partners;

(2) The existence or nonexistence of any fact or facts that constitute conditions precedent to acts by the Partners or in any other manner germane to the business and affairs of the Partnership;

(3) The person or persons who are authorized to execute and deliver any instrument or document of the Partnership; or

(4) Any act or failure to act by the Partnership or concerning any other matter whatsoever involving the Partnership or any Partner.

7.4 Requirement of Unanimous Consent. The Partners shall not have the authority to enter into any of the following transactions without the Unanimous Consent of all the Partners:

(a) Terminate, liquidate and wind up the Partnership, except as otherwise provided in this Agreement;

(b) Admit additional or substitute Partners, except as otherwise provided in this Agreement;

(c) Do any act that would make it impossible to carry on the purposes of the Partnership and business of the Partnership;

(d) Engage in any business activity other than that which is consistent with the purposes of the Partnership;

(e) Amend this Agreement.

7.5 Restrictions on Partners. The Partners will not have the authority to enter into any of the following transactions:

(a) Prior to the actual termination of the Partnership, sell substantially all of the Partnership Property in liquidation or cessation of business except upon the Unanimous Consent of the Partners;

(b) Compromise any claim or dispute having an amount or value in issue in excess of 50% of the total value of the Partnership Property except upon the Consent of

the Partners;

(c) Sell, assign, lease, exchange, convert or otherwise transfer or dispose of all or part of the Partnership Property except upon the Consent of the Partners;

(d) Mortgage, pledge, grant a security interest in, or incur, renew, or refinance any indebtedness of the Partnership except upon the Consent of the Partners;

(e) Confess a judgment against the Partnership except upon the Consent of the Partners;

(f) Do any act in violation of this Agreement; and

(g) Make, execute or deliver any assignments for the benefit of creditors except upon the Consent of the Partners.

7.6 Dissolution or Bankruptcy of a Partner. On the dissolution or bankruptcy of a Partner, such Partner and his, her or its successors shall thereafter have the status of a Transferee and shall receive distributions to which such Transferee is entitled.

7.7 Indemnification of the Partners. The Partners shall be jointly and severally indemnified and held harmless by the Partnership and by each other to the extent of each Partner's individual ownership in the Partnership from and against any and all claims, demands, liabilities, costs, damages and causes of action of any nature whatsoever, arising out of or incidental to the management of the Partnership affairs or to any Persons acting as an employee while in the course of managing the Partnership affairs; provided, however, that no Partner shall be entitled to indemnification hereunder where the claim at issue is based upon any of the following:

(a) A matter entirely unrelated to such Partner's management of the Partnership affairs.

(b) The proven gross negligence, misconduct, fraud or bad faith of such Partner.

(c) The proven breach by such Partner of any provisions of this Agreement.

The indemnification rights herein contained shall be cumulative of, and in addition to, any and all other rights, remedies, and resources to which the Partners, shall be entitled, whether pursuant to some other provisions of this Agreement, at law or in equity.

7.8 Meetings.

(a) A quorum shall be present at a Partners' meeting if the majority of the Partners Entitled to Vote are present at the meeting. With respect to any matter, other than a matter for which the affirmative vote of the holders of a specified number or Partners, or

percentage of Partnership interests, is required by the TBOC or this Agreement, the affirmative vote of a majority of Partners Entitled to Vote, and present at a meeting in which a quorum is present, shall be the act of the Partners.

(b) All Partners' meetings shall be held at the Partnership's principal office or at such other place within or outside the State of Texas as shall be specified or fixed in the notices or waivers of notice thereof; provided that any or all Partners may participate in any such meetings by means of conference telephone or similar communications equipment pursuant to section 7.13 of this Agreement.

(c) Notwithstanding the other provisions of this Agreement, the chairman of the meeting, or the majority of Partners Entitled to Vote who are present at the meeting, shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. If such meeting is adjourned by the Partners, such time and place shall be determined by a vote of a majority of the Partners who are present at the meeting. Upon the resumption of such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(d) If the Partners have not had a meeting within the previous twelve calendar months, any Partner may call an annual Partners' meeting which shall be held at the principal place of business for the Partnership, on such date and at such time as the may be fixed in the notice of the meeting.

(e) Special Partners' meetings for any proper purpose or purposes may be called at any time by the Managing Partner, or the Financial Manager, or by any two Partners. If not otherwise stated in or fixed in accordance with the remaining provisions hereof, the record date for determining Partners entitled to call a special meeting is the date any Partner first signs the notice of that meeting. Only business within the purpose or purposes described in the notice (or waiver thereof) required by this Agreement may be conducted at a special Partners' meeting.

(f) Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Partners or person calling the meeting, to each Partner entitled to vote at such meeting. If mailed, any such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, and addressed to the Partner at the Partner's address provided in this Agreement or so other address as a Partner may have provided to the Partnership by written notice.

(g) The date on which notice of a Partners' meeting is mailed or the date on which the resolution of the Partners declaring a distribution is adopted, as the case may be, shall be the record date for the determination of the Partners entitled to notice of or to vote at such meeting, including any adjournment thereof, or the Partners entitled to receive such

distribution.

(h) Notice of meetings may be given to Partners by facsimile or electronic message (e-mail) and shall be deemed received if sent to a valid facsimile number or email address regularly used by a Partner.

7.9 Voting List. The Partners shall make, at least ten (10) days before each Partners' meeting, a complete list of the Partners Entitled to Vote at such meeting or any adjournment thereof with the address of and the percentage interests held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the Partnership's registered office or principal office and shall be subject to inspection by any Partner at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Partner during the whole time of the meeting. The original partnership records shall be prima-facie evidence as to who are the Partners entitled to examine such list or transfer records or to vote at any Partners' meeting. Failure to comply with the requirements of this section shall not affect the validity of any action taken at the meeting.

7.10 Proxies. Proxies are not permitted and a Partner may not vote by proxy.

7.11 Conduct of Meetings. The chairman shall preside over all Partners' meetings. The chairman shall be a Partner designated by a majority of present at the meeting. Designating a chairman of the meeting shall be the first order of business of any meeting. Thereafter, the chairman shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

7.12 Action by Written Consent Without Meeting.

(a) Subject to the requirements and restrictions imposed on the Partners by this Agreement, any action required or permitted to be taken at any annual or special Partners' meeting may be taken without a meeting, without prior notice, and without a vote, by the Unanimous Consent of the Partners. Every written consent shall bear the date of signature of each Partner who signs the consent, and the consent may be in one or more counterparts. A telegram, telex, cablegram or similar transmission by a Partner, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Partner, shall be regarded as signed by the Partner for purposes of this section. The signed consent or a signed copy of the consent shall be kept on file at the Partnership's principal office. Prompt notice of the taking of any action by Partners without a meeting by less than unanimous written consent shall be given to those Partners who did not consent in writing to the action.

(b) The record date for determining Partners entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Partnership by delivery to its registered office, its principal office, or the Partners. Delivery shall be by hand or

by certified or registered mail, return receipt requested. Delivery to the Partnership's principal office shall be addressed to the Partners.

(c) If any action by Partners is taken by written consent, any articles or documents filed with the Secretary of State of Texas as a result of the taking of the action shall state, in lieu of any statement required by the TBOC concerning any vote of Partners, that written consent has been given in accordance with the provisions of the TBOC and that any written notice required by the TBOC has been given.

7.13 Action by Telephone Conference or Other Remote Communications Technology. Partners may participate in and hold a meeting by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Or, another suitable electronic communications system may be used including video-conferencing technology or the Internet, but only if, each Partner entitled to participate in the meeting consents to the meeting being held by means of that system and the system provides access to the meeting in a manner or using a method by which each Partner participating in the meeting can communicate concurrently with each other participant. Participation in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

7.14 Partners' Approval or Ratification of Acts or Contracts. At their discretion, the Partners may submit any act or contract for approval or ratification at any annual or special Partners' meeting called for the purpose of considering any such act or contract. Subject to the requirements and restrictions imposed on the Partners by this Agreement, any act or contract approved or ratified by a majority-in-interest of the Partners shall be as valid and as binding upon the Partnership and upon all the Partners as if it had been approved or ratified by every Partner of the Partnership.

7.15 Classes of Partners; Voting. At an annual or special meeting called for that purpose, the Partners may from time to time establish classes or groups of Partners. One or more of the Partners' groups or classes may have certain expressed relative rights, powers, and duties, including voting rights, to be established at the time when the classes or groups are created, with seniority granted to one or more class or group as designated by the Partners.

7.16 Emergency Management of the Partnership. The following emergency provisions apply to the Partnership:

(a) **Definition of Emergency.** In the event of an emergency, to the extent not limited or prohibited by law, or by this Agreement, the following provisions regarding the management of the Partnership shall take effect immediately. Pursuant to the TBOC, an emergency exists if a majority of the Partnership's governing persons cannot readily participate in a meeting because of the occurrence of a catastrophic event. The minimum requirements for participation at the meeting of the Partners in the event of an emergency are two (2) of the Partners entitled to vote.

(b) Effect of Emergency Provisions. These emergency provisions take effect only in the event of an emergency as defined hereinabove, and will no longer be effective after the emergency ends. Any and all provisions of this Agreement that are consistent with these emergency provisions remain in effect during an emergency. Any or all of these actions of the Partnership taken in good faith in accordance with these provisions are binding upon this Partnership and may not be used to impose liability on a managerial official, employee, or agent of the Partnership.

ARTICLE VIII

MANAGEMENT FEES AND OTHER EXPENSES

8.1 Salary, Fees and Draws. Except as provided in this Article or by the Consent of the Partners, no Partner shall receive any salary, fee, or draw for services rendered to or on behalf of the Partnership.

8.2 Expenses. In connection with the operation of the Partnership, the Partners shall be reimbursed for any direct expenses reasonably incurred in connection with the Partnership's business; provided, however, that no such expense shall be incurred other than at a price which reflects a competitive market rate for such expense; and provided further, that no contract or arrangement entered into by a Partner on behalf of the Partnership with such Partner or an Affiliate shall be on terms less advantageous to the Partnership than that generally available from an unaffiliated third party. Without limiting the foregoing, the Partners may charge to the Partnership and pay or recover out of Partnership funds, as and when available, the following: all fees that may be required by applicable state or local authorities relating to the formation and operation of the Partnership or in compliance with the terms of this Agreement, including but not limited to, all filing fees for assumed name certificates, all reasonable expenses incurred by the Partners in connection with the organization and formation of the Partnership, all reasonable expenses incurred by the Partners to acquire, preserve, protect, or perfect the title to the Partnership Property or to operate and maintain such property, including, but not limited to, travel expenses, attorneys' fees, accountants' fees and court costs incurred in connection with such matters and any sums owed by the Partnership pursuant to any contract entered by the Partners pursuant to their authority under this Agreement; the cost of public liability insurance carried in connection with the business of the Partnership; taxes on property of the Partnership; principal and interest, and any other amounts whatsoever owing on any indebtedness of the Partnership, or any part hereof, or any instruments securing any of same, together with any expenses incurred in connection with renewing or rearranging such or any other indebtedness incurred for the benefit of the Partnership deemed necessary by the Partners; and normal closing costs reasonably incurred in the event of the lease, sale or other disposition of the Partnership Property.

ARTICLE IX

TRANSFERS OF PARTNERSHIP INTERESTS

9.1 Generally. No Person may become a Partner, and no Partner may transfer all or

any portion of such Partner's interest in the Partnership, without the prior Unanimous Consent of the Partners, which consent may be granted or withheld in the sole discretion of any Partner. Each Partner agrees with the Partnership and all of the other Partners that such Partner will not make or permit a disposition of all or any portion of its Partnership Interest in violation of the provisions of this Article IX. Notwithstanding the foregoing, a transfer from one Partner to another shall not require any consent from the other Partners.

9.2 Prohibited Transfers. Any purported Transfer by any Partner of an interest in the Partnership that is not consented to by all of the Partners under section 9.1 of this Agreement shall be null and void and of no effect whatever; provided that if the Partnership is required to recognize a Transfer that is not permitted (or if the Partnership, in its sole discretion, elects to recognize a Transfer that is not permitted), the rights of the Transferee shall be limited to those rights set forth in section 152.404 of the TBOC. In the case of a Transfer or attempted Transfer of an interest that is not a transfer consented to by all of the Partners under section 9.1 of this Agreement, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Partnership and the other Partners from all cost, liability, and damage that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and lawyers' fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

9.3 Acquisition of an Interest Conveyed to an Unauthorized Transferee. If an interest in the Partnership is transferred for any reason to an Unauthorized Transferee because: (1) any Person acquires a Partnership Interest, or becomes an Unauthorized Transferee, as the result of an order of a court which the Partnership is required by law to recognize; (2) a Partner's interest in the Partnership is subjected to a lawful "charging order"; (3) a Partner's ex-spouse is awarded all or a portion of a Partner's partnership interest in a divorce proceeding; (4) a Partner dies; (5) a Partner's spouse dies; (6) a Partner makes an unauthorized Transfer of an interest in the Partnership; or (7) of the dissolution or bankruptcy of a Partner, the Partnership will have the unilateral option to acquire the interest of the Transferee, or any fraction or part thereof, upon the following terms and conditions:

(a) The Partnership will have the option to acquire the interest by giving written notice to the Transferee of its intent to purchase within one year from the date it is finally determined that the Partnership is required to recognize the Transfer.

(b) The valuation date for the determination of the purchase price of the interest will be the first day of the month following the month in which the above notice is delivered.

(c) Unless the Partnership and the Unauthorized Transferee agree otherwise, the purchase price for the interest, or any fraction to be acquired by the Partnership, shall be its fair market value as determined by a written valuation report prepared by a Person selected by the Consent of the Partners who is qualified to perform business valuations of partnerships and ownership interests in partnerships describing the value of the ownership interest in the Partnership. If the Unauthorized Transferee does not agree with the

valuation determined by the appraiser selected by the Partnership, the Unauthorized Transferee shall have thirty days from the date the Unauthorized Transferee receives a copy of the appraisal to deliver a second written appraisal prepared by a qualified appraiser to the Partnership. If the first appraiser and the second appraiser cannot agree on a valuation of the Partnership interest, the first two appraisers shall retain a third appraiser to review the work performed by the first two appraisers and establish a market value for the Partnership interest. The value determined by the third appraiser shall be final and binding for all purposes. The cost of all of the foregoing appraisals shall be paid by the Unauthorized Transferee. Closing of the sale will occur at the principal office of the Partnership at 10:00 a.m. on the first Tuesday of the month following the month in which the applicable Appraisal is rendered, or the time to protest the Appraisal has passed, whichever is later. The purchase price paid by the Partnership shall be reduced by any costs or fees incurred by the Partnership in acquiring the interest of such Transferee, including any costs the Partnership may have advanced to pay for any appraisal.

(d) In order to reduce the burden upon the resources of the Partnership, the Partnership will have the option, to be exercised in writing delivered at closing, to pay its purchase money obligation in ten (10) equal annual installments (or for a period of time equal to the remaining term of the Partnership if such period is less than ten (10) years) with interest at the Default Rate of Interest. The first installment of principal, with interest, will be due and payable on the first day of the calendar year following closing, and subsequent annual installments, with accrued interest, will be due and payable on the first day of each succeeding calendar year until the entire amount of the obligation is paid. The Partnership will have the right to prepay all or any part of the purchase money obligation at any time without penalty.

(e) Neither the Transferee of an unauthorized Transfer nor the Partner causing the unauthorized Transfer shall have the right to vote on Partnership matters during the prescribed option period or, if the option to purchase is timely exercised, until the sale is closed.

(f) The purchase option granted to the Partnership is only applicable to Unauthorized Transferees and is not applicable to Persons who are Transferees, but not also Unauthorized Transferees.

9.4 Survival of Liabilities. It is expressly understood and agreed that no Transfer of a Partnership Interest, even if it subsequently results in the substitution of the Transferee as a Partner herein, shall release the transferor or assignor from those liabilities as to the Partnership which survive such Transfer as a matter of law. Likewise, the transferred partnership interest shall be subject to all of the obligations owed to the Partnership by the transferor.

9.5 Partnership Interest Pledge or Encumbrance. No Partner may grant a security interest or otherwise pledge, hypothecate or encumber his, her or its interest in this Partnership or such Partner's distributions without the Unanimous Consent of all the Partners. It is understood that the Partners are under no obligation to give consent nor are they subject to liability for

withholding consent.

9.6 Nonrecognition of an Unauthorized Transfer. The Partnership will not be required to recognize the interest of any Transferee who has obtained a purported transferred interest as the result of a Transfer that is not authorized by this Agreement and the Transfer shall be null and void for all purposes. If there is doubt as to ownership of an interest in the Partnership or who is entitled to distributions or liquidating proceeds or other property, the Partners may accumulate such property until the issue is resolved to the satisfaction of the Partners.

ARTICLE X

TERMINATION AND WINDING UP PARTNERSHIP BUSINESS

10.1 Winding Up and Termination of Partnership. The following events shall result in the winding up and termination of the Partnership:

- (a) The end of the Partnership term of twenty-five (25) years on December 31, 2036;
- (b) At any time when there are less than three (3) remaining Partners Entitled to Vote; or
- (c) Upon the Consent of the Partners.

The Partnership shall continue after the occurrence of an event requiring winding up until the winding up of its business is completed, at which time the Partnership shall be terminated.

10.2 Conduct of Winding Up.

(a) The following Persons are authorized to wind up the business of the Partnership:

(1) First, the Partners who have not withdrawn may wind up the Partnership's business;

(2) Second, the legal representative of the last surviving Partner may wind up the Partnership's business; or

(3) any Person appointed by a court to carry out the winding up.

(b) To the extent appropriate for winding up, as soon as reasonably practicable, and in the name of and for and on behalf of the Partnership, a Person winding up the Partnership's business may:

(1) prosecute and defend civil, criminal, or administrative suits;

- (2) settle and close the Partnership's business;
- (3) dispose of and convey Partnership Property;
- (4) satisfy or provide for the satisfaction of the Partnership's liabilities;
- (5) distribute to the Partners any remaining Partnership Property; and
- (6) perform any other necessary act.

(c) A Person winding up the Partnership's business may continue the business of the Partnership in whole or in part, including delaying the disposition of Partnership Property, but only for the limited period necessary to avoid unreasonable loss of the Partnership Property or business.

10.3 Partner's Liability to Partnership For Incurring Inappropriate Liability After Occurrence of Event Requiring Winding Up. A Partner who, with notice that an event requiring a winding up has occurred, incurs a Partnership liability under section 10.04(b) by an act that is not appropriate for winding up the Partnership business shall be liable to the Partnership for a loss caused to the Partnership arising from that liability.

10.4 Partner's Power to Bind Partnership After Occurrence of Event Requiring Winding Up. After the occurrence of an event requiring winding up, the Partnership shall be bound by a Partner's act that:

- (a) is appropriate for winding up the Partnership business; or
- (b) would otherwise bind the Partnership before the occurrence of the event requiring winding up, if the other party to the transaction does not have notice that an event requiring winding up has occurred.

10.5 Rules for Distribution on Winding Up.

(a) In winding up the Partnership business, the Partnership Property, including the contributions of the Partners required by this section 10.5, shall be applied to discharge its obligations to creditors, including, to the extent permitted by other applicable law, Partners who are creditors other than in their capacities as Partners. Any surplus must be applied to pay in cash the net amount distributable to Partners in accordance with their right to distributions under subsection 10.5(b).

(b) Each Partner shall be entitled to a settlement of all Partnership accounts on winding up the Partnership business. In settling accounts among the Partners, the Partnership interest of a withdrawn Partner that has not been redeemed under Chapter 152, Subchapter H of the TBOC shall be credited with a share of any profits for the

period after the Partner's withdrawal but shall be charged with a share of losses for that period only to the extent of profits credited for that period, and the profits and losses that result from the liquidation of the Partnership Property shall be credited and charged to the Partners' capital accounts. The Partnership shall make a distribution to each Partner in an amount equal to that Partner's positive balance in the Partner's capital account. Except as provided by section 152.304(b) or 152.801 of the TBOC, each Partner shall contribute to the Partnership an amount equal to that Partner's negative balance in the Partner's capital account.

(c) Except as provided by section 152.304(b) or 152.801 of the TBOC, to the extent not taken into account in settling the accounts among Partners under subsection 10.5(b) above:

(1) each Partner must contribute, in the proportion in which the Partner shares Partnership losses, the amount necessary to satisfy Partnership obligations, excluding liabilities that creditors have agreed may be satisfied only with Partnership Property without recourse to individual Partners;

(2) if a Partner fails to contribute, the other Partners shall contribute, in the proportions in which the Partners share Partnership losses, the additional amount necessary to satisfy the Partnership obligations; and

(3) a Partner or Partner's legal representative may enforce or recover from the other Partners, or from the estate of a deceased Partner, contributions the Partner or estate makes to the extent the amount contributed exceeds that Partner's or the estate's share of the Partnership obligations.

(d) The estate of a deceased Partner shall be liable for the Partner's obligation to contribute to the Partnership.

(e) The Partnership, an assignee for the benefit of creditors of the Partnership or a Partner, or a person appointed by a court to represent creditors of the Partnership or a Partner may enforce the obligation of a Partner or the estate of a deceased Partner to contribute to the Partnership.

ARTICLE XI **MISCELLANEOUS**

11.1 Notices. Any notices required hereunder shall be sent to the Partners by personal service or by certified or registered mail, return receipt requested, at the address set forth by each Partner's signature on the signature page hereof. By giving to the Partnership and each Partner written notice thereof, the parties hereto and their respective successors and assigns shall have the right from time to time and at any time during the term of this Agreement to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America. No transferee of any interest of any Partner shall be entitled

to receive a notice independent of the notice sent to the Partner making such transfer.

11.2 Additional Instruments. Each Partner hereby agrees to execute all such agreements, certificates, tax statements, tax returns and other documents as may be required by law to effectuate the provisions contained herein.

11.3 Applicable to Successors. This Agreement and each provision herein shall be binding upon and applicable to, and shall inure to the benefit of, the parties hereto and their respective heirs, legatees, devisees, successors, assigns and legal representatives, except as otherwise expressly provided herein.

11.4 Waiver. No consent or waiver, express or implied, by any parties hereto of the breach or default by any other party or parties hereto in the performance by any such party or parties of its or their obligation hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance of such other or others of the same or any other obligations of such other or others hereunder. Failure on the part of any party hereto to complain of any act of any of the other parties or to declare any of the other parties hereto in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

11.5 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

11.6 Amendment. This Agreement may be amended or modified at any time only if all Partners agree to such amendment or modification in writing.

11.7 Waiver of Rights to Partition. Inasmuch as all real and personal property owned by the Partnership is owned by the Partnership as an entity, and no party hereto, individually, has any ownership in such property, none of the parties hereto shall have any right to partition any of the Partnership Property, and all parties hereto hereby irrevocably waive any and all rights that any party hereto might have to maintain any action for partition of any of the Partnership Property with respect to their undivided interest, if any, therein, either as a partition in kind or a partition by sale.

11.10 Counterparts. This Agreement may be signed in a number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one agreement. The production of any executed counterpart of this Agreement shall be sufficient for all purposes without producing or accounting for the other counterparts hereof.

11.11 Gender. Wherever in this Agreement, words, including pronouns, are used in the masculine, they shall be read and construed in the feminine or neuter whenever they would so apply, and wherever in this Agreement, words, including pronouns, are used in the singular or plural, they shall be read and construed in the plural or singular, respectively, wherever they

would so apply.

11.12 Attorney Fees. In the event a dispute arises between any Partner(s) and the Partnership or between the Partners, the prevailing party shall be entitled to recover reasonable attorney's fees and court costs incurred.

11.13 Foreign Qualification. Prior to the qualification of the Partnership to conduct business in any jurisdiction other than Texas, the Partners shall cause the Partnership to comply, to the extent procedures are available and those matters are reasonably within the control of the Partners, with all requirements necessary to qualify the Partnership as a foreign partnership in that jurisdiction. At the request of the Partners, each Partner shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with the terms of this Agreement that are necessary or appropriate to qualify, continue and terminate the Partnership as a foreign partnership in all jurisdictions in which the Partnership may conduct business.

11.14 Governing Law. This Agreement shall be subject to, and governed by, the laws of the State of Texas.

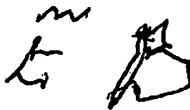
11.15 Reliance by Third Parties. Notwithstanding any other provision of this Agreement, any action taken by the Partners on behalf of the Partnership shall be binding as to any Person who acts in reliance on the authority of the Partners taking such action, and such Person shall have no duty to ascertain whether such Partner has such authority even if such action appears to be prohibited by this Agreement. Any Person dealing with the Partnership or the Partners may rely upon a certificate signed by the Partners as to: (a) the identity of the Partners; (b) any conditions precedent to acts by the Partnership; (c) the Persons who are authorized to execute any documents and bind the Partnership; and (d) any other matter involving the Partnership or any Partner.

11.16 Entire Agreement. The Agreements and representations in this Partnership Agreement contain all of the Agreements and representations of the parties hereto, and it is expressly provided that the Partners shall not be liable for any claim that may hereafter be made alleging any verbal agreement by and between the Parties hereto and the Partners, or any Partner's agents, employees or associates.

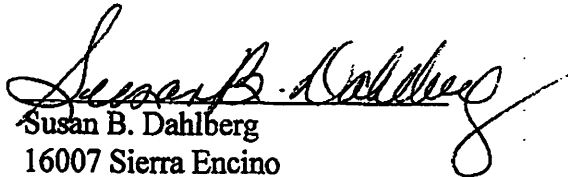
11.17 Headings. The heading of each of the articles and sections of this Agreement are inserted for convenience only and shall not be considered in construing the terms of this Agreement.

11.18 Legal Counsel: Attorney Michael G. Panzarella has prepared this Agreement on behalf of the Partnership. The individual Partners understand and acknowledge that Michael G. Panzarella does not represent any individual Partner and each of the Partners has been advised to seek independent legal counsel.

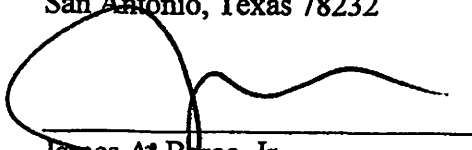
EXECUTED in multiple counterparts, by the Partners on date first above written.




Estelle F. Baros
120 Riviera
San Antonio, Texas 78213



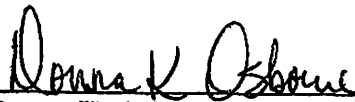
Susan B. Dahlberg
16007 Sierra Encino
San Antonio, Texas 78232



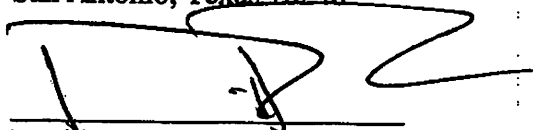
James A. Baros, Jr.
2075 McKinney Loop
Blanco, Texas 78606



Larry W. Baros
21 San Isidro
San Antonio, Texas 78261



Donna K. Osborne
2606 Inwood Briar
San Antonio, Texas 78248



David L. Baros
1314 E. Sonterra Blvd., Suite 401
San Antonio, Texas 78258

Jenna Rollins

From: [REDACTED]
Sent: Thursday, February 3, 2022 9:18 AM
To: Jenna Rollins
Subject: Re: Baros Family Investments, WRTP 13819
Attachments: baros TCEQ additional Information needed.pdf

Please see attached.

Please let me know if you need any further information or if I must mail in this report.

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 14, 2021

Mr. David Baros
Baros Family Investments
1314 E Sonterra Blvd. Ste. 401
San Antonio, Texas 78258

VIA E-MAIL

RE: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

Dear Mr. Baros:

This acknowledges receipt, on November 1, 2021, of the referenced application, and fees in the amount of \$351.25 (Receipt No. M202582, copy attached).

Additional information is required before the application can be declared administratively complete.

1. Indicate measures the applicant will take to avoid impingement and entrainment of aquatic organisms (ex. Screens on any new diversion structure that is not already authorized in a water right).
2. Provide reasonably current water chemistry information for the groundwater to be discharged, including but not limited to the following parameters in the table below. Additional parameters may be requested if there is a specific water quality concern associated with the aquifer from which water is withdrawn. If data for onsite wells are unavailable; historical data collected from similar sized wells drawing water from the same aquifer may be provided. However, onsite data may still be required when it becomes available. Complete the information below for each well and provide the Well Number or identifier, the depth of the well, and the name of the aquifer from which the groundwater will be withdrawn.

Parameter	Average Conc.	Max Conc.	No. of Samples	Sample Type	Sample Date/Time
Sulfate, mg/L	7.3	8.07	1	container	1/26/2022
Chloride, mg/L	12.2	12.3	1	container	1/26/2022

Total Dissolved Solids, mg/L	262.00	262.00	1	container	1/26/2022
pH, standard units	8.8	9.1	1	container	1/26/2022
Temperature*, degrees Celsius	21.5 Celsius	21.5 Celsius	1	gauge	1/26/2022

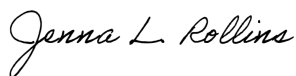
*Temperature must be measured on site at the time the groundwater sample is collected.

3. Confirm the location of the diversion point in decimal degrees. Staff notes that the coordinates for the diversion point on the map are in degrees, minutes, and seconds. Staff has calculated the coordinates of the diversion point on the reservoir to be Latitude 29.545163° N and Longitude 97.168417° W.
4. Provide the maximum rate at which groundwater will be discharged.
5. Provide a copy of a duly acknowledged document evidencing consent to the application from the landowner and any others having jurisdiction over the reservoir where the proposed diversion point is located, pursuant to Title 30 Texas Administrative Code (TAC) § 295.10. If Applicant is the landowner, provide a recorded copy of the deed(s) for the property where the reservoir is located. The deed should include the legal description of the land (metes and bounds).
6. Provide written evidence that Mr. David Baros is authorized to sign the application for Baros Family Investments pursuant to Title 30 TAC § 295.14.
7. Clarify the legal name of the applicant. The name Baros Family Investments as stated on the submitted application is not listed on the Texas Secretary of State website.

Please provide the requested information by January 13, 2022 or the application may be returned pursuant to Title 30 TAC § 281.18.

If you have any questions concerning this matter, please contact me via email at jenna.rollins@tceq.texas.gov or by telephone at (512) 239-1845.

Sincerely,



Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

Attachment



02-NOV-21 11:24 AM

TCEQ - A/R RECEIPT REPORT BY ACCOUNT NUMBER

<u>Fee Description</u>	<u>Fee Code</u> <u>Account#</u> <u>Account Name</u>	<u>Ref#1</u> <u>Ref#2</u> <u>Paid In By</u>	<u>Check Number</u> <u>Card Auth.</u> <u>User Data</u>	<u>CC Type</u> <u>Tran Code</u> <u>Rec Code</u>	<u>Slip Key</u> <u>Document#</u>	<u>Tran Date</u>	<u>Tran Amount</u>
TEMP/EMERG WTR USE PRMT ISSUE	EMG EMG	M202582	2930 110221		BS00089757 D2800492	02-NOV-21	-\$351.25
J. Collins TEMPORARY/EMERGENCY WTR USE PERMIT ISSUE		BAROS FAMILY INVESTMENTS	VHERNAND	CK			
Total (Fee Code):							-\$351.25
Grand Total:							-\$67,599.03

RECEIVED
NOV 03 2021
Water Availability Division

Jenna Rollins

From: [REDACTED]
Sent: Wednesday, January 19, 2022 10:20 AM
To: Jenna Rollins
Subject: Re: Baros Family Investments, WRTP 13819

Thank you Jenna

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

-----Original Message-----

From: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
To: [REDACTED]
Sent: Wed, Jan 19, 2022 10:12 am
Subject: Baros Family Investments, WRTP 13819

Good morning Mr. Baros,

Please see the attached extension letter for the Baros Family Investments application No. 13819.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

January 19, 2022

Mr. David Baros
Baros Family Investments
1314 E Sonterra Blvd. Ste. 401
San Antonio, Texas 78258

VIA E-MAIL

RE: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

Dear Mr. Baros:

This acknowledges the request, on January 19, 2022, of the applicants' request for an extension of time to respond to the Texas Commission on Environmental Quality (TCEQ) request for additional information, letter dated December 14, 2021.

A 30-day extension is granted until February 18, 2022, and after that date the application may be returned pursuant to Title 30 Texas Administrative Code § 281.18. No further extensions will be granted associated with this request for information.

If you have any questions concerning the application, please contact Jenna Rollins via email at jenna.rollins@tceq.texas.gov or by telephone at (512) 239-1845.

Sincerely,

A handwritten signature in cursive script that reads "J. Brooke McGregor".

Brooke McGregor, Manager
Water Rights Permitting and Availability Section
Water Availability Division

Jenna Rollins

From: [REDACTED]
Sent: Wednesday, January 19, 2022 8:51 AM
To: Jenna Rollins
Subject: Re: Baros Family Investments WRTP 13819 RFI

Jenna,

I received your message. We are currently just waiting for the lab results to get back with you. Please give us a little extension of time to get the info to you.

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

-----Original Message-----

From: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
To: [REDACTED]
Sent: Tue, Dec 14, 2021 11:10 am
Subject: RE: Baros Family Investments WRTP 13819 RFI

Good morning Mr. Baros,

You can apply for a temporary permit with a regional office, but they only issue temporary permits for 10 acre-feet or less, for less than a year. These permits normally take around a month to complete. Please let me know if you have any further questions.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

From: [REDACTED]
Sent: Tuesday, December 14, 2021 8:36 AM
To: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
Subject: Re: Baros Family Investments WRTP 13819 RFI

Jenna,

I was under the impression this was the simplified method to retain a permit.

Is there an easier method to retain a permit?

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

-----Original Message-----

From: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>

To: [REDACTED]

Sent: Tue, Dec 14, 2021 8:25 am

Subject: Baros Family Investments WRTP 13819 RFI

Good morning Mr. Baros,

Please see the attached request for information letter for Baros Family Investments, WRTP 13819 and provide a response by COB 01/13/22.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 14, 2021

Mr. David Baros
Baros Family Investments
1314 E Sonterra Blvd. Ste. 401
San Antonio, Texas 78258

VIA E-MAIL

RE: Baros Family Investments
WRTP 13819
CN605949718, RN111363909
Application No. 13819 for a Temporary Water Use Permit
Texas Water Code §§ 11.042, 11.138, Requiring Limited Mailed Notice
Kuehns Creek, Lavaca River Basin
Lavaca County

Dear Mr. Baros:

This acknowledges receipt, on November 1, 2021, of the referenced application, and fees in the amount of \$351.25 (Receipt No. M202582, copy attached).

Additional information is required before the application can be declared administratively complete.

1. Indicate measures the applicant will take to avoid impingement and entrainment of aquatic organisms (ex. Screens on any new diversion structure that is not already authorized in a water right).
2. Provide reasonably current water chemistry information for the groundwater to be discharged, including but not limited to the following parameters in the table below. Additional parameters may be requested if there is a specific water quality concern associated with the aquifer from which water is withdrawn. If data for onsite wells are unavailable; historical data collected from similar sized wells drawing water from the same aquifer may be provided. However, onsite data may still be required when it becomes available. Complete the information below for each well and provide the Well Number or identifier, the depth of the well, and the name of the aquifer from which the groundwater will be withdrawn.

Parameter	Average Conc.	Max Conc.	No. of Samples	Sample Type	Sample Date/Time
Sulfate, mg/L					
Chloride, mg/L					

Total Dissolved Solids, mg/L					
pH, standard units					
Temperature*, degrees Celsius					

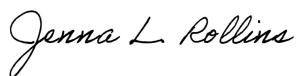
*Temperature must be measured on site at the time the groundwater sample is collected.

3. Confirm the location of the diversion point in decimal degrees. Staff notes that the coordinates for the diversion point on the map are in degrees, minutes, and seconds. Staff has calculated the coordinates of the diversion point on the reservoir to be Latitude 29.545163° N and Longitude 97.168417° W.
4. Provide the maximum rate at which groundwater will be discharged.
5. Provide a copy of a duly acknowledged document evidencing consent to the application from the landowner and any others having jurisdiction over the reservoir where the proposed diversion point is located, pursuant to Title 30 Texas Administrative Code (TAC) § 295.10. If Applicant is the landowner, provide a recorded copy of the deed(s) for the property where the reservoir is located. The deed should include the legal description of the land (metes and bounds).
6. Provide written evidence that Mr. David Baros is authorized to sign the application for Baros Family Investments pursuant to Title 30 TAC § 295.14.
7. Clarify the legal name of the applicant. The name Baros Family Investments as stated on the submitted application is not listed on the Texas Secretary of State website.

Please provide the requested information by January 13, 2022 or the application may be returned pursuant to Title 30 TAC § 281.18.

If you have any questions concerning this matter, please contact me via email at jenna.rollins@tceq.texas.gov or by telephone at (512) 239-1845.

Sincerely,



Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section

Attachment



02-NOV-21 11:24 AM

TCEQ - A/R RECEIPT REPORT BY ACCOUNT NUMBER

<u>Fee Description</u>	<u>Fee Code</u> <u>Account#</u> <u>Account Name</u>	<u>Ref#1</u> <u>Ref#2</u> <u>Paid In By</u>	<u>Check Number</u> <u>Card Auth.</u> <u>User Data</u>	<u>CC Type</u> <u>Tran Code</u> <u>Rec Code</u>	<u>Slip Key</u> <u>Document#</u>	<u>Tran Date</u>	<u>Tran Amount</u>
TEMP/EMERG WTR USE	EMG	M202582	2930		BS00089757	02-NOV-21	-\$351.25
PRMT ISSUE	EMG		110221	N	D2800492		
J. Collins	TEMPORARY/EMERGENCY WTR	BAROS	VHERNAND	CK			
	USE PERMIT ISSUE	FAMILY					
		INVESTMENTS					
Total (Fee Code):							-\$351.25
Grand Total:							-\$67,599.03

RECEIVED
NOV 03 2021
Water Availability Division

Jenna Rollins

From: Jenna Rollins
Sent: Tuesday, December 14, 2021 8:26 AM
To: [REDACTED]
Subject: RE: Baros Family Investments WRTP 13819

Good morning Mr. Baros,

I just sent you a request for information letter so we can get additional information needed to declare your application administratively complete. Upon administrative completion, your application will be moved into technical review and will be reviewed by TCEQ's technical staff. Our tech staff reviews applications in the order they are received, so there may be some ahead of yours. After completion of technical review, a draft permit will be sent to you to review. Please keep in mind the average turnaround time for permit issuance is 300 days from the day the original application was received.

If you have any further questions, please let me know.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

From: [REDACTED]
Sent: Monday, December 13, 2021 9:16 AM
To: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
Subject: Re: Baros Family Investments WRTP 13819

Thank you for the prompt response.

Do you see this taking a lot longer?

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

-----Original Message-----

From: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
To: [REDACTED]
Sent: Mon, Dec 13, 2021 9:10 am
Subject: RE: Baros Family Investments WRTP 13819

Good morning Mr. Baros,

Your application is currently in administrative review, and is being reviewed by TCEQ staff for administrative completeness. If you have any further questions, please let me know.

Best regards,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

From: [REDACTED]
Sent: Monday, December 13, 2021 6:37 AM
To: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
Subject: Fwd: Baros Family Investments WRTP 13819

Jenna,

Just following up on the status of the permit.

Thank you

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

Jenna Rollins

From: [REDACTED]
Sent: Friday, December 3, 2021 10:12 AM
To: Jenna Rollins
Subject: Re: Baros Family Investments WRTP 13819

Jenna,

Pursuant to our telephone conversation this morning, please be advised that Baros Family Investments will only take out the same amount of ground water as it puts in.

Please let me know if you need any additional clarification.

Thank you

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

-----Original Message-----

From: Jenna Rollins <Jenna.Rollins@tceq.texas.gov>
To: Brooke McGregor <brooke.mcgregor@tceq.texas.gov>; Kathy Alexander <kathy.alexander@tceq.texas.gov>; Chris Kozlowski <chris.kozlowski@tceq.texas.gov>; [REDACTED]
Sent: Wed, Dec 1, 2021 2:07 pm
Subject: Baros Family Investments WRTP 13819

Good afternoon,

This is a meeting with the applicant to discuss the Baros Family Investments application No. 13819 for a temporary water use permit.

Thank you,
Jenna Rollins, Project Manager
Water Rights Permitting Team
Water Rights Permitting and Availability Section
512-239-1845

Microsoft Teams meeting

Join on your computer or mobile app

[Click here to join the meeting](#)

[Learn More](#) | [Meeting options](#)

Jenna Rollins

From: [REDACTED]
Sent: Monday, November 22, 2021 3:20 PM
To: Jenna Rollins
Subject: Baros Family Investments Water

Jenna,

Also, please be advised that on occasion, the water may be used for fracking purposes.

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

Jenna Rollins

From: [REDACTED]
Sent: Monday, November 22, 2021 3:13 PM
To: Jenna Rollins
Subject: Baros Family Investments

Dear Jenna,

Please be advised that we will only be using ground water.

We currently have a tank. As we use the water and the tank level drops, we will replenish the tank level with well water.

If we are blessed with rain, we will not need to replenish with well water.

Please let me know if you need any additional information.

Thank you Jenna.

David Baros

David L. Baros, CPA
Baros and Company, PC
Certified Public Accountants
1314 East Sonterra Blvd., Suite 401
San Antonio, Texas 78258

210.366.9444
210.340.9081 (fax)

Texas Commission on Environmental Quality
TELEPHONE MEMO TO THE FIILE

Call to: Mr. David Baros	Call from: Jenna Rollins
Date: 11/22/21	Project No: 13819
<i>Information for File follows:</i> This was a phone call to the applicant to discuss their water source for the application.	
Signed: <i>Jenna L. Rollins</i> Date: 11/22/21	

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

P.O. Box 13087 MC-160, Austin, Texas 78711-3087

Telephone (512) 239-4600, FAX (512) 239-4770

APPLICATION FOR A TEMPORARY WATER USE PERMIT FOR MORE THAN 10 ACRE-FEET OF WATER, AND/OR FOR A DIVERSION PERIOD LONGER THAN ONE CALENDAR YEAR

This form is for an application for a temporary permit to divert water under Section 11.138, Texas Water Code. Any permit granted from this application may be suspended at any time by the applicable TCEQ Office if it is determined that surplus water is no longer available.

Notice: This form will not be processed until all delinquent fees and/or penalties owed to the TCEQ or the Office of the Attorney General on behalf of the TCEQ are paid in accordance with the Delinquent Fee and Penalty Protocol.

1. **Data on Applicant and Project:** Social Security or Federal ID No. [REDACTED]
- A. Name: BAROS FAMILY INVESTMENTS
- B. Mailing Address: 1314 E SONTERRA BLVD. SUITE 401 SAN ANTONIO TX 78258
- C. Telephone Number: 210-366-9444 Fax Number: 210-340-9081 E-mail Address: [REDACTED]
- D. Applicant owes fees or penalties? ☐ Yes ☒ No
- If yes, provide the amount and the nature of the fee or penalty as well as any identifying number:

- E. Describe Use of Water SALE FOR MINING PURPOSES
- F. Description of Project (TDH Project No. if applicable) UPCOMING HYDRAULIC FRACTURING PROJECTS
- G. Highway Designation No. FM 532 County LAVACA

2. **Type of Diversion (check one):**

☐ From Stream ☒ From Reservoir

3. **Rate of Diversion:**

A. Maximum 2,000 gpm
(capacity of pump)

4. **Amount and Source of Water:**

100 acre-feet of water within a period of 12 MONTHS (specify term period not to exceed a three year term). The water is to be obtained from PRIVATE POND & WATER WELL, tributary of KUEHNS CREEK, tributary of WEST PRONG LAVACA RIVER, tributary of LAVACA RIVER Basin.

5. **Location of Diversion Point:** Provide Latitude and Longitude in decimal degrees to at least six decimal places, and indicate the method used to calculate the diversion point location.

At Latitude 29°32'40.83"N °N, Longitude 97°10'12.99"W °W, ((at) or (near) the stream crossing of), (at a reservoir in the vicinity of) FM 532 (R-O-W) (Highway), located in Zip Code 77975, located 16 miles in a WNW direction from HALLETTSVILLE (County Seat), LAVACA County, and 2.5 miles in a SW direction from MOULTON, a nearby town shown on County road map. Note: Distance in straight line miles.

Enclose a USGS 7.5 minute topographic map with the diversion point and/or the return water discharge points labeled. Owner's written consent is required for water used from any private reservoir, or private access to diversion point.

6. **Access to Diversion Point (check one):**

- ☐ Public right-of-way
- ☒ Private property
(A letter of permission from landowner is attached)
- ☐ Other (Explain)

7. **Fees Enclosed:**

	10 ac-ft or less	greater than 10 ac-ft
Filing	\$ 100.00	\$ 250.00
Recording.....	\$ 1.25	\$ 1.25
Use (\$1.00 per ac-ft or fraction thereof)	\$	\$ 100.00
(Note: 1 ac-ft = 325,851 gals. Total	\$	\$ 351.25
1 ac-ft = 7758.35 bbls.)		

Upon completion of any project for which a temporary water permit is granted, the Permittee is required by law to report the amount of water used. This document must be properly signed and duly notarized before it can be accepted or considered by the Texas Commission on Environmental Quality.

Name (sign) [Signature]

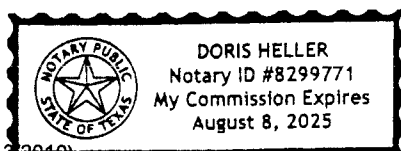
DAVID BAROS

Name (print)

RECEIVED

Subscribed and sworn to me as being true and correct before me this 18 day of October, 2021

NOV 01 2021



[Signature] Water Availability Division
Notary Public, State of Texas

RECEIVED

NOV 01 2021

Water Availability Division

Baros Pond

Legend

baros pond

baros pond



291



1000 ft

Google Earth