

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



## NOTICE OF AN APPLICATION FOR A TEMPORARY WATER USE PERMIT

APPLICATION NO. 13882

Rose City Resources, LLC seeks a temporary water use permit to divert and use not to exceed 120 acre-feet of water within a period of 180 days from a point on Jim (James) Bayou, Cypress Creek Basin for mining purposes in Cass County. More information on the application and how to participate in the permitting process is given below.

**APPLICATION.** Rose City Resources, LLC, Applicant, 100 Independence Pl. Ste. 405 Tyler, Texas 75703, has applied to the Texas Commission on Environmental Quality (TCEQ) for a Temporary Water Use Permit pursuant to Texas Water Code § 11.138 and TCEQ Rules Title 30 Texas Administrative Code (TAC) §§ 295.1, et seq. Notice is being mailed to the downstream water right holders of record in the Cypress Creek Basin pursuant to Title 30 TAC § 295.154(a).

Rose City Resources, LLC seeks a temporary water use permit to divert and use not to exceed 120 acre-feet of water within a period of 180 days from a point on Jim (James) Bayou, Cypress Creek Basin, at a maximum diversion rate of 7.8 cfs (3,500 gpm), for mining purposes in Cass County.

Water will be diverted from Jim (James) Bayou at a point located at Latitude 32.965717° N, Longitude 94.325089° W in Cass County in Zip Code 75563.

The application and fees were received on September 21, 2022. Additional information was received on October 25 and October 28, 2022. The application was declared administratively complete and accepted for filing with the Office of the Chief Clerk on November 1, 2022.

The Executive Director completed the technical review of the application and prepared a draft permit. The draft permit, if granted, would include special conditions including, but not limited to, streamflow restrictions and installation of a measuring device. The application, technical memoranda, and Executive Director's draft permit are available for viewing on the TCEQ web page at: [https://www.tceq.texas.gov/permitting/water\\_rights/wr-permitting/view-wr-pend-apps](https://www.tceq.texas.gov/permitting/water_rights/wr-permitting/view-wr-pend-apps). Alternatively, you may request a copy of the documents by contacting the TCEQ Office of the Chief Clerk by phone at (512) 239-3300 or by mail at TCEQ OCC, Notice Team (MC-105), P.O. Box 13087, Austin, Texas 78711.

**PUBLIC COMMENT / PUBLIC MEETING.** Written public comments and requests for a public meeting should be submitted to the Office of Chief Clerk, at the address provided in the information section below, by May 30, 2023. A public meeting is intended for the taking of public comment, and is not a contested case hearing. A public meeting will be held if the Executive Director determines that there is a significant degree of public interest in the application.

**CONTESTED CASE HEARING.** The TCEQ may grant a contested case hearing on this application if a written hearing request is filed by May 30, 2023. The Executive Director may approve the application unless a written request for a contested case hearing is filed by May 30, 2023.

To request a contested case hearing, you must submit the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) applicant's name and permit number; (3) the statement "[I/we] request a contested case hearing;" (4) a brief and specific description of how you would be affected by the application in a way not common to the general public; and (5) the location and distance of your property relative to the proposed activity. You may also submit proposed conditions for the requested permit which would satisfy your concerns. Requests for a contested case hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below.

If a hearing request is filed, the Executive Director will not issue the permit and will forward the application and hearing request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting.

**INFORMATION.** Written hearing requests, public comments, or requests for a public meeting should be submitted to the Office of the Chief Clerk, MC 105, TCEQ, P.O. Box 13087, Austin, TX 78711-3087 or electronically at <https://www14.tceq.texas.gov/epic/eComment/> by entering WRTP 13882 in the search field. For information concerning the hearing process, please contact the Public Interest Counsel, MC 103, at the same address.

For additional information, individual members of the general public may contact the Public Education Program at 1-800-687-4040. General information regarding the TCEQ can be found at our web site at [www.tceq.texas.gov](http://www.tceq.texas.gov). Si desea información en Español, puede llamar al 1-800-687-4040 o por el internet al <http://www.tceq.texas.gov>.

Issued: May 11, 2023

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



## TEMPORARY WATER USE PERMIT

PERMIT NO. 13882

TYPE § 11.138

Permittee: Rose City Resources, LLC

Address: 100 Independence Pl. Ste. 405  
Tyler, Texas 75703

Received: September 21, 2022

Granted:

Watercourse: Jim (James) Bayou

County: Cass

Watershed: Cypress Creek Basin

WHEREAS, after considering the recommendation of the staff relative to the above identified application, the following findings of fact and conclusions of law are made:

### FINDINGS OF FACT

1. The application is in proper form and accompanied by all necessary fees.
2. Sufficient water is available at the proposed diversion point to satisfy the requested diversion and use not to exceed 120 acre-feet of water within a period of 180 days, from a point on Jim (James) Bayou, Cypress Creek Basin for mining purposes in Cass County.
3. The water will be diverted at a maximum diversion rate of 7.8 cfs (3,500 gpm), from a point located at Latitude 32.965717° N, Longitude 94.325089° W in Cass County.
4. Notice of this application was mailed to the downstream water right holders of record.

### CONCLUSIONS OF LAW

- A. Jurisdiction is vested to consider this application under Texas Water Code § 11.138 and Title 30 Texas Administrative Code §§ 295.174 and 297.13.
- B. Applicant has complied with the particular requirements of the Texas Commission on Environmental Quality.
- C. The Executive Director recommends that special conditions be included.

NOW, THEREFORE, Temporary Water Use Permit No. 13882 is issued to Rose City Resources, LLC subject to the following terms and conditions:

1. USE

Permittee is authorized to divert and use not to exceed 120 acre-feet of water within a period of 180 days from Jim (James) Bayou, Cypress Creek Basin for mining purposes in Cass County.

2. DIVERSION

Permittee is authorized to divert:

A. From a point on Jim (James) Bayou located Latitude 32.965717° N, Longitude 94.325089° W in Cass County.

B. At a maximum diversion rate of 7.8 cfs (3,500 gpm).

3. SPECIAL CONDITIONS

A. Permittee shall implement reasonable measures in order to reduce impacts to aquatic resources due to entrainment or impingement. Such measures shall include, but shall not be limited to, the installation of screens on any new diversion structure(s).

B. Permittee shall not divert water unless streamflow exceeds the following values at USGS Gage No. 07346045 - Black Cypress Bayou at Jefferson, TX:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
cfs	133	167	296	195	130	68	14	3	2	4	30	96

cfs = cubic feet per second

C. This temporary water use permit is junior to all existing water rights in the Cypress Creek Basin.

D. Upon diversion and use of the water authorized herein, this temporary water use permit shall expire and be of no further force and effect.

E. This temporary water use permit shall expire and become null and void 180 days from the date of issuance with no further Commission action. Permittee also waives the right to notice and hearing on cancellation of this water right.

F. No diversion of water shall be made when such water is required to satisfy domestic and livestock demands downstream, or when necessary to satisfy senior and superior water rights and instream needs.

G. Permittee shall install and maintain a measuring device which accounts for, within 5% accuracy, the quantity of water diverted from the point authorized above in DIVERSION Paragraph 2 and maintain measurement records.

H. Permittee shall allow representatives of the Texas Commission on Environmental Quality reasonable access to the property to inspect the measuring device and records.

I. The issuance of this temporary water use permit does not grant to the permittee the right to use private or public property for diversion of water authorized by this permit. This includes property belonging to but not limited to any individual,

partnership, corporation or public entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to make any diversion authorized by this permit.

This temporary water use permit does not vest in its holder a permanent right and shall in no event be construed as a commitment of the Commission to approve or disapprove any other application or request by the Permittee.

Permittee agrees to be bound by the terms, conditions, and provisions contained herein, and such agreement is a condition precedent to the granting of this temporary water use permit.

All other matters requested in the application which are not specifically granted by this temporary water use permit are denied.

This temporary water use permit is issued subject to the Rules of the Texas Commission on Environmental Quality and to its right of continuing supervision.

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For the Commission

DATE ISSUED:

## Jenna Rollins

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**From:** Jeremy Acord [REDACTED]  
**Sent:** Wednesday, May 3, 2023 11:11 AM  
**To:** Jenna Rollins  
**Subject:** RE: Rose City Resources, LLC, WRTP No. 13882 - Draft Permit and Notice Review

Thank you for the update. We are okay with the conditions of use.  
Please let me know if any further action or information is needed from Rose City Resources.

Regards,

Jeremy Acord  
Rose City Resources  
903-480-9500

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**From:** Jenna Rollins <Jenna.Rollins@tceq.texas.gov>  
**Sent:** Wednesday, May 3, 2023 10:10 AM  
**To:** Jeremy Acord [REDACTED]  
**Subject:** Rose City Resources, LLC, WRTP No. 13882 - Draft Permit and Notice Review

Good morning Mr. Acord,

Please see the attached draft temporary water use permit and public notice for the Rose City Resources, LLC application No. 13882 and provide any comments by COB 5/17/23. Please let me know if you have any questions.

Best,  
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*  
Erin E. Chancellor, *Interim Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

May 3, 2023

Mr. Jeremy Acord  
Rose City Resources, LLC  
100 Independence Pl. Ste. 405  
Tyler, Texas 75703

**VIA E-MAIL**

RE: Rose City Resources, LLC  
WRTP 13882  
CN605821149, RN111575205  
Application No. 13882 for a Temporary Water Use Permit  
Texas Water Code § 11.138, Requiring Limited Mailed Notice  
Jim Bayou, Cypress Creek Basin  
Cass County

Dear Mr. Acord:

Drafts, subject to revision, of the public notice, proposed Temporary Water Use Permit No. 13882, and the related technical memoranda are attached.

Staff is recommending that the referenced application be granted in accordance with the attached drafts. Please review the drafts and contact me no later than May 17, 2023 with any comments or questions as the notice will be forwarded to the Office of the Chief Clerk for mailing after that date.

Please note this application requires a 15-day comment period and once the comment period has closed, the proposed Temporary Water Use Permit No. 13882 may be issued as drafted given no hearing requests are received.

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

Sincerely,

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

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

Attachments

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



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Issued:

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



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TYPE § 11.138

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### FINDINGS OF FACT

1. The application is in proper form and accompanied by all necessary fees.
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### CONCLUSIONS OF LAW

- A. Jurisdiction is vested to consider this application under Texas Water Code § 11.138 and Title 30 Texas Administrative Code §§ 295.174 and 297.13.
- B. Applicant has complied with the particular requirements of the Texas Commission on Environmental Quality.
- C. The Executive Director recommends that special conditions be included.

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B. Permittee shall not divert water unless streamflow exceeds the following values at USGS Gage No. 07346045 - Black Cypress Bayou at Jefferson, TX:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
cfs	133	167	296	195	130	68	14	3	2	4	30	96

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C. This temporary water use permit is junior to all existing water rights in the Cypress Creek Basin.

D. Upon diversion and use of the water authorized herein, this temporary water use permit shall expire and be of no further force and effect.

E. This temporary water use permit shall expire and become null and void 180 days from the date of issuance with no further Commission action. Permittee also waives the right to notice and hearing on cancellation of this water right.

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partnership, corporation or public entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to make any diversion authorized by this permit.

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Permittee agrees to be bound by the terms, conditions, and provisions contained herein, and such agreement is a condition precedent to the granting of this temporary water use permit.

All other matters requested in the application which are not specifically granted by this temporary water use permit are denied.

This temporary water use permit is issued subject to the Rules of the Texas Commission on Environmental Quality and to its right of continuing supervision.

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For the Commission

DATE ISSUED:

**Texas Commission on Environmental Quality**

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INTEROFFICE MEMORANDUM

To: Jenna Rollins, Project Manager  
Water Rights Permitting Team

Date: April 10, 2023

Through ~~K~~ <sup>A</sup> Kathy Alexander, Ph.D., Policy and Technical Analyst  
Water Availability Division

TG Trent Gay, Team Leader  
Surface Water Availability Team

From: Lauren Simmons, Hydrologist  
Surface Water Availability Team

Subject: Rose City Resources, LLC  
WRTP 13882  
CN605821149  
Jim Bayou, Cypress Creek Basin  
Cass County

**HYDROLOGY REVIEW**

**Application Summary**

Rose City Resources, LLC (Applicant) requests a temporary water use permit to divert a maximum of 120 acre-feet of water within a 180-day period from a point on Jim (James) Bayou, Cypress Creek Basin, at a maximum diversion rate of 7.8 cfs (3,500 gpm), for mining purposes in Cass County.

The application was declared administratively complete on November 1, 2022.

**Hydrology Review**

Resource Protection staff recommended instream flow requirements for this application. See Resource Protection memo dated January 17, 2023.

Staff reviewed current conditions in the Cypress Creek Basin to determine whether surplus water is available for this request. Staff notes that the most recent Drought Monitor (April 4, 2023) indicates that the portion of Cass County where the application is located is not experiencing any drought conditions.

The diversion requested in the application is for a short period of time (180 days). This temporary permit will be junior to all existing water rights, and subject to suspension if water is needed for those water rights. Staff is of the opinion that the requirements imposed by Resource Protection staff would allow diversions only during higher flow times when surplus water is likely available. Staff's opinion is that existing water rights will not be affected by this short-term temporary permit.

## **Conclusion**

Staff can support granting the application provided the permit includes Resource Protection staff's recommendations.

*Lauren Simmons*

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Lauren Simmons, Hydrologist

# Texas Commission on Environmental Quality

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## INTEROFFICE MEMORANDUM

**To:** Jenna Rollins, Project Manager  
Water Rights Permitting Team

**Date:** January 17, 2023

**Through:** Leslie Patterson, Team Leader   
Resource Protection Team

**From:** Richard Schmoyer, Aquatic Scientist  
Resource Protection Team

**Subject:** Rose City Resources, LLC  
WRTP 13882  
CN605821149  
Jim (James) Bayou, Cypress Creek  
Basin Cass County

Environmental reviews of water right applications are conducted in accordance with applicable provisions of the Texas Water Code (TWC) and the administrative rules of the Texas Commission on Environmental Quality (TCEQ). The provisions applicable to environmental reviews can vary according to the type and the location of the authorization requested.

### APPLICATION SUMMARY

Rose City Resources, LLC (Applicant) requests a temporary water use permit to divert a maximum of 120 acre-feet of water within a 180-day period from a point on Jim (James) Bayou, Cypress Creek Basin, at a maximum diversion rate of 7.8 cfs (3,500 gpm), for mining purposes in Cass County.

### ENVIRONMENTAL ANALYSIS

**Aquatic and Riparian Habitats:** The Applicant's proposed diversion point is located on Iron Ore Lake, a perennial waterbody, situated on Jim (James) Bayou, a perennial stream, in the Tertiary Uplands ecoregion (Griffith et al. 2004).

The checklist for the Cypress Creek Basin identified 81 species of ichthyofauna occurring within Caddo Lake hydrologic unit (United States Geologic Survey [USGS] code 11140306) (Hendrickson and Cohen 2015). The paddlefish (*Polyodon spathula*), the alligator snapping turtle (*Macrochelys temminckii*), and the bluehead shiner (*Pteronotropis hubbsi*), high-interest aquatic species, are known to occur in Cass County (TPWD 2015). This application is not expected to have an effect on any high-interest aquatic species, because staff is recommending streamflow restrictions.

The Applicant has agreed to install screens with a mesh size of 3/16" inches on any new diversion structure(s) in order to minimize entrainment and impingement of aquatic organisms. The Applicant's request is not expected to adversely impact aquatic and riparian habitats in the area.

"Streamflow, which is strongly correlated with many critical physicochemical characteristics of rivers such as water temperature, channel geomorphology and habitat diversity, can be considered the 'master variable' that limits the distribution and abundance of riverine species and regulates the ecological integrity of flowing water systems" (Resh et al. 1988; Power et al. 1995; Poff et al. 1997). Maintaining the natural flow regime, or streamflow variability, plays a critical role in sustaining native biodiversity and ecosystem integrity in rivers (Poff et al. 1997). The TCEQ desktop methodology for determining environmental flow restrictions, excluding basins with adopted environmental flow standards, is the Lyons Method. The Lyons Method establishes minimum flows of 40% of the median monthly flows for October through February and 60% of the median monthly flows for March through September in order to protect aquatic habitat (Bounds et al. 1979). This methodology produces flow numbers for each month of the year to mimic natural flow patterns (Bounds et al. 1979).

There are no active USGS gages on Jim (James) Bayou. Resource Protection staff utilized USGS Gage No. 07346045 – Black Cypress Bayou at Jefferson, TX, a gage in the Cypress Creek Basin near the Applicant's location in neighboring Marion County. Black Cypress Bayou is expected to have a comparable hydrologic regime, because the gaged location and the Applicant's location experience similar climatic patterns and topography. Resource Protection staff used daily streamflow data from USGS Gage No. 07346045 to calculate monthly median flows of Black Cypress Bayou for the period of record January 1969 – December 2022 (Table 1).

**Table 1. Monthly Median Streamflows at USGS Gage No. 07346045 – Black Cypress Bayou at Jefferson, TX.**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
cfs	332	417	493	326	217	113	23	5	3	9	76	240

cfs = cubic feet per second

Applying the Lyons Method results in the following monthly flow recommendations (Table 2).

**Table 2. Recommended Monthly Streamflows at USGS Gage No. 07346045 – Black Cypress Bayou at Jefferson, TX.**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
cfs	133	167	296	195	130	68	14	3	2	4	30	96

cfs = cubic feet per second

Staff recommends that diversions under this proposed temporary permit should be limited to comply with the applicable streamflow values in Table 2.

**Recreational Uses:** Jim (James) Bayou (Segment 0407) has a designated primary contact recreation 1 use (TCEQ 2022a). The Applicant’s request should not adversely impact recreational uses.

**Water Quality:** Jim (James) Bayou (Segment 0407) has designated high aquatic life and public water supply uses (TCEQ 2022a). Jim (James) Bayou from the confluence with Bear Creek upstream 29.8 km (18.5 mi) to approximately 2 km north of HWY 11 was also identified in the *Texas Integrated Report* with a use concern for impaired macrobenthic communities and as non-supporting for depressed dissolved oxygen for both 24-hour average and 24-hour minimum sampling methods. (TCEQ 2022b). The Applicant’s request should not adversely impact water quality.

For determining minimum flows that would sustain water quality, the seven-day, two-year low flow (7Q2) is used. The 7Q2 is statistically derived from historical daily gage flow data. The 7Q2 for Black Cypress Bayou near Jefferson, TX at USGS Gage No. 07346045, for the period of record from 1979 – 2007, is 0.10 cfs (TCEQ 2010). Since the recommended monthly Lyons values are higher than the 7Q2, the Lyons values should provide adequate flow to protect water quality. The Applicant’s request is not expected to adversely impact water quality with adherence to the monthly flows included in the special conditions below.

**Freshwater Inflows:** Freshwater inflows are critical for maintaining the historical productivity of bays and estuaries along the Gulf Coast. The proposed project site is located near the Texas and Louisiana border and is significantly more than 200 river miles from the Gulf Coast. The project should not impact Texas bays and estuaries, because the stream does not flow to a bay or estuary in Texas.

## RECOMMENDATIONS

Resource Protection staff recommend the following Special Conditions be included in the proposed temporary permit, if granted:

1. Permittee shall implement reasonable measures in order to reduce impacts to aquatic resources due to entrainment or impingement. Such measures shall include, but shall not be limited to, the installation of screens on any new diversion structure(s).
2. Permittee shall not divert water unless streamflow exceeds the following values at USGS Gage No. 07346045 – Black Cypress Bayou at Jefferson, TX:

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### LITERATURE CITED

Bounds RL, Lyons BW, Travis CD. 1979. Statewide Fishery Management Recommendations: Existing Reservoir and Stream Management Recommendations, Statewide Minimum Streamflow Recommendations. Federal Aid Project F-30-R-4. Austin (TX): Texas Parks and Wildlife Department.

Griffith, G.E., S.A. Bryce, J.M. Omernik, J.A. Comstock, A.C. Rogers, B. Harrison, S.L. Hatch, and D. Bezanson. 2004. Ecoregions of Texas. (2-sided color poster with map, descriptive text, and photographs). U.S. Geological Survey, Reston, VA. Scale 1:2,500,000.

Hendrickson DA, Cohen AE. 2015. Fishes of Texas Project Database [Internet]. [cited 2022 Dec 21]; Version 2.0. Available from <http://doi.org/10.17603/C3WC70>.

Poff NL, Allan JD, Bain MB, Karr JR, Presteggaard KL, Richter BD, Sparks RE, Stromberg JC. 1997. The natural flow regime: a paradigm for river conservation and restoration. *BioScience*. 47:769–84.

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*Richard Schmoyer*  
\_\_\_\_\_  
Richard Schmoyer, Aquatic Scientist  
Resource Protection Team

# TCEQ Interoffice Memorandum

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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: November 1, 2022

SUBJECT: Rose City Resources, LLC  
WRTP 13882  
CN605821149, RN111575205  
Application No. 13882 for a Temporary Water Use Permit  
Texas Water Code § 11.138, Requiring Limited Mailed Notice  
Jim Bayou, Cypress Creek Basin  
Cass County

The application and fees were received on September 21, 2022. Additional information was received on October 25 and October 28, 2022. The application was declared administratively complete and accepted for filing with the Office of the Chief Clerk on November 1, 2022. Mailed notice to the downstream water right holders of record in the Cypress Creek Basin is required pursuant to Title 30 Texas Administrative Code (TAC) § 295.154(a).

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

*Jenna Rollins*

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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*

November 1, 2022

Mr. Jeremy Acord  
Rose City Resources, LLC  
100 Independence Pl. Ste. 405  
Tyler, Texas 75703

**VIA E-MAIL**

RE: Rose City Resources, LLC  
WRTP 13882  
CN605821149, RN111575205  
Application No. 13882 for a Temporary Water Use Permit  
Texas Water Code § 11.138, Requiring Limited Mailed Notice  
Jim Bayou, Cypress Creek Basin  
Cass County

Dear Mr. Acord:

This acknowledges receipt, on October 25 and October 28, 2022, of additional information.

The application was declared administratively complete and filed with the Office of the Chief Clerk on November 1, 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](mailto:jenna.rollins@tceq.texas.gov) or by phone at 512-239-1845.

Sincerely,

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

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

## Jenna Rollins

---

**From:** Jeremy Acord [REDACTED]  
**Sent:** Friday, October 28, 2022 10:05 AM  
**To:** Jenna Rollins  
**Subject:** RE: Rose City Resources LLC, WRTP Application No. 13882  
**Attachments:** NETX & Rose City Resources Operating Agreement Ratification.pdf

Jenna,

Please see attached document affirming Rose City Resources as the operator of NETX Acquisitions properties & leases. Please let me know if you need anything further.

Thank you.

Jeremy Acord  
Rose City Resources  
903-480-9500

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**From:** Jeremy Acord  
**Sent:** Tuesday, October 25, 2022 12:49 PM  
**To:** Jenna Rollins <Jenna.Rollins@tceq.texas.gov>  
**Subject:** RE: Rose City Resources LLC, WRTP Application No. 13882

Good Morning Jenna,  
Please see responses to requests below.

1. Confirm that the reservoir is currently used solely for domestic and livestock purposes.
  - i. **Confirmed. The reservoir is located in a very rural area with only residential dwellings nearby.**
2. Confirm that the source of water is Jim Bayou, tributary of James Bayou, Cypress Creek Basin.
  - i. **Confirmed, per the USGS topo map.**
3. Indicate the 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). Refer to pages 28-29 from the Instructions for Completing the Water Right Permitting Application (Form TCEQ-10214A-inst) for assistance in developing your response.
  - i. **The pump used at the single diversion point, utilizes floats to keep suction lines from pulling in debris and aquatic organisms. These suction lines also employ protective intake screens with 3/16" holes to prevent impingement & entrainment of debris & aquatic organisms.**
4. 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).
  - i. **Please see attached Mineral lease delegating authority for water use, specifically paragraph #7.**
    - i. **Tract Five in the document, contains the diversion point on the reservoir.**
  - ii. **Please note that NETX Acquisition, LLC is an affiliated entity with Rose City Resources.**
5. Provide written evidence that Mr. Jeremy Acord is authorized to sign the application for Rose City Resources, LLC pursuant to Title 30 TAC § 295.14 which states:
  - i. If the applicant is a corporation, public district, county, municipality, or other corporate entity, the application shall be signed by a duly authorized official. Written evidence in the form of bylaws,

charters, or resolutions which specify the authority of the official to take such action shall be submitted.  
A corporation may file a corporate affidavit as evidence of the official's authority to sign.

- ii. Please see attached certificate of corporate resolution.

Finally, while the conservative (high side) estimate of 120 acre-ft was originally submitted, it is now believed that the use will be at or under 50 acre-ft, due to a reduction of stages expected with the development.

Please let me know if you need any additional information.

Regards,

Jeremy Acord  
Rose City Resources  
903-480-9500

---

**From:** Jenna Rollins <[Jenna.Rollins@tceq.texas.gov](mailto:Jenna.Rollins@tceq.texas.gov)>  
**Sent:** Thursday, October 20, 2022 12:04 PM  
**To:** Jeremy Acord [REDACTED]  
**Subject:** Rose City Resources LLC, WRTP Application No. 13882

Dear Mr. Acord,

Please see the attached request for information letter for the Rose City Resources, LLC application No. 13882. If you have any questions, please let me know.

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

## Joinder and Ratification of Operating Agreement

Whereas a Model Form Operating Agreement was made by and between Randal Brooks, et al, as non- operators, and Rose City Resources, LLC, as Operator, on date of January 1, 2020.

Whereas, Netx Acquisitions, LLC is the owner of record for many of the leases subject to the above identified Operating Agreement.

Whereas, both Rose City Resources, LLC and Netx Acquisitions, LLC desire to add Netx Acquisitions, LLC to the Operating Agreement as a non-operator.

Now, therefore, Rose City Resources, LLC and Netx Acquisitions, LLC agree as follows:

1. Rose City Resources, LLC accepts Netx Acquisitions, LLC as a party to the Operating Agreement the same as if they originally signed the Operating Agreement on January 1, 2020.
2. Netx Acquisitions, LLC hereby joins the Operating Agreement as a non-operator and hereby ratifies and accepts all terms and conditions of the Operating Agreement.

Agreed to and signed on this 1st day of January 2021, but effective as of January 1, 2020.

### Operator:

Rose City Resources, LLC

By:   
Chad Holliday, Manager

### Non-Operator:

Netx Acquisitions, LLC

By:   
Martin R. Bennett, Manager

**Texas Commission on Environmental Quality  
TELEPHONE MEMO TO THE FILE**

Call to: Mr. Jeremy Acord	Call from: Jenna Rollins
Date: 10/28/22	Project No: 13882
<i>Information for File follows:</i>  This was a phone call with the applicant to discuss their RFI response submitted on 10/25/22.	
Signed: <i>Jenna Rollins</i>	Date: 10/28/22

## Jenna Rollins

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**From:** Jeremy Acord [REDACTED]  
**Sent:** Tuesday, October 25, 2022 12:49 PM  
**To:** Jenna Rollins  
**Subject:** RE: Rose City Resources LLC, WRTP Application No. 13882  
**Attachments:** Rose City Resources - Certificate of Resolution - Jeremy Acord.pdf; Rose City Resources - NETX Acquisitions \_ Mineral Lease with water use.pdf

Good Morning Jenna,  
Please see responses to requests below.

1. Confirm that the reservoir is currently used solely for domestic and livestock purposes.
  - i. **Confirmed. The reservoir is located in a very rural area with only residential dwellings nearby.**
2. Confirm that the source of water is Jim Bayou, tributary of James Bayou, Cypress Creek Basin.
  - i. **Confirmed, per the USGS topo map.**
3. Indicate the 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). Refer to pages 28-29 from the Instructions for Completing the Water Right Permitting Application (Form TCEQ-10214A-inst) for assistance in developing your response.
  - i. **The pump used at the single diversion point, utilizes floats to keep suction lines from pulling in debris and aquatic organisms. These suction lines also employ protective intake screens with 3/16" holes to prevent impingement & entrainment of debris & aquatic organisms.**
4. 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).
  - i. **Please see attached Mineral lease delegating authority for water use, specifically paragraph #7.**
    - i. **Tract Five in the document, contains the diversion point on the reservoir.**
    - ii. **Please note that NETX Acquisition, LLC is an affiliated entity with Rose City Resources.**
5. Provide written evidence that Mr. Jeremy Acord is authorized to sign the application for Rose City Resources, LLC pursuant to Title 30 TAC § 295.14 which states:
  - i. If the applicant is a corporation, public district, county, municipality, or other corporate entity, the application shall be signed by a duly authorized official. Written evidence in the form of bylaws, charters, or resolutions which specify the authority of the official to take such action shall be submitted. A corporation may file a corporate affidavit as evidence of the official's authority to sign.
  - ii. **Please see attached certificate of corporate resolution.**

Finally, while the conservative (high side) estimate of 120 acre-ft was originally submitted, it is now believed that the use will be at or under 50 acre-ft, due to a reduction of stages expected with the development.

Please let me know if you need any additional information.

Regards,

Jeremy Acord  
Rose City Resources  
903-480-9500

---

**From:** Jenna Rollins <Jenna.Rollins@tceq.texas.gov>  
**Sent:** Thursday, October 20, 2022 12:04 PM  
**To:** Jeremy Acord [REDACTED]  
**Subject:** Rose City Resources LLC, WRTP Application No. 13882

Dear Mr. Acord,

Please see the attached request for information letter for the Rose City Resources, LLC application No. 13882. If you have any questions, please let me know.

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

## CERTIFICATE OF CORPORATE RESOLUTION

The undersigned manager of Rose City Resources, LLC, a Texas limited liability company, (hereinafter referred to as the "Company") does hereby certify that the Company is duly organized and existing under the laws of the State of Texas; that any taxes required to maintain its existence have been paid when due and that no such taxes are delinquent; that no proceedings are pending for the forfeiture of its certificate of incorporation or for its dissolution, voluntarily or involuntarily; that it is duly qualified to do business in the State of Texas and it is in good standing in such state; that there is no provision of the regulations of the Company limiting the power of the members to pass the resolution set out below and that same is in conformity with the provisions of said Regulations; that the undersigned is authorized to make this record of the minutes of the proceedings of the members of the Company and that on the 21 day of October 2022, there was held a meeting of the members of the Company, which was duly called and held in accordance with the law and the Regulations of the Company, at which meeting all members were present; and that at said meeting the following resolution was duly and legally passed and adopted; and that the said resolution has not been altered, amended, rescinded or repealed and is now in full force and effect:

"RESOLVED that the Company, be and is hereby authorized and empowered to obtain a Temporary Water Use Permit from the Texas Commission on Environmental Quality ("TCEQ").

"FURTHER RESOLVED that Jeremy Acord, in his capacity as duly authorized agent for the herein described Company, is hereby appointed to act on behalf of said Company and is hereby authorized and directed to execute all documents, including applications and associated documents necessary to obtaining a Temporary Water Use Permit from TCEQ."

**IN WITNESS WHEREOF**, I have hereunto set my hand as an officer of the Company on this the 21 day of October 2022.

ROSE CITY RESOURCES, LLC

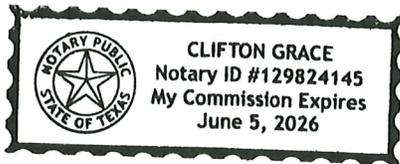
By: \_\_\_\_\_

Martin R. Bennett, Manager

STATE OF TEXAS )

COUNTY OF SMITH )

This instrument was acknowledged before me on the 21<sup>st</sup> day of October 2022, by Martin R. Bennett, manager of Rose City Resources, LLC, on behalf of said company, and in the capacity herein stated.



Clifton Grace  
Notary Public, State of Texas

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

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 21st day of October, 2019, between CASS COUNTY IRON COMPANY, a Texas Corporation, lessor (whether one or more), whose address is: 8466 Lockwood Ridge Road, PMB #304, Sarasota, Florida 34243 and NETX ACQUISITION, LLC, whose address is 100 Independence Place, Suite 404, Tyler, TX 75703, lessee, WITNESSETH:

1. Lessor, in consideration of ~~TEN AND NO/100~~ Dollars, and other valuable consideration receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (as set forth in Paragraph 12, below), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface and subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses, and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of CASS, State of Texas, and is described as follows:

"SEE EXHIBIT A FOR LEGAL DESCRIPTION" HOWEVER, THIS LEASE IS RESTRICTED AS TO DEPTH IN THAT IT ONLY COVERS THE DEPTHS FROM THE SURFACE OF THE EARTH TO THE BASE OF THE COTTON VALLEY FORMATION, PLUS 100' FOR COMPLETION (NOT PRODUCTION) PURPOSES ONLY. LESSOR RESERVES UNTO ITSELF ALL DEPTHS AND FORMATIONS BELOW THE BASE OF THE COTTON VALLEY.

Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, subject to Paragraph 10, below, said land shall be deemed to contain 1,328.52 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land on a unit-by-unit basis described in Paragraph 13, below, with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal TWENTY-ONE PERCENT (21.0%) of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such TWENTY ONE PERCENT (21.0%) of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear no cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, TWENTY ONE PERCENT (21.0%) of the gross proceeds received by Lessee at the first point of sale to an unaffiliated gas purchaser, free of any drilling, completion costs, and post-production costs incurred by Lessee to make the gas marketable to transport to the point of sale. If, at the expiration of the primary term or at any time or times thereafter, there is any well on a pooled unit or Production Unit (defined below), capable of producing gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as to that unit as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separators, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, such wells within established units are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to ten dollars (\$10.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be paid or tendered to Lessor, his successors or assigns or to Lessor's credit **DIRECT TO LESSOR ABOVE**, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as lessee may elect. Any payment hereunder may be made by check of lessee deposited in the mail or delivered to the party entitled to receive payment on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to the acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 320 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to

that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with the consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file of record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur, or other minerals, excavating a mine, production of oil, gas, sulphur, or other mineral, in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both expressed and implied, lessor shall notify lessee in writing, setting out specifically in what respect lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any act by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessor does not warrant title to said Lessor shall not be obligated to return any portion of the bonus paid to Lessor in the event it is determined Lessor owns less of the mineral interests Lessor was first given credit. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys (except bonus) accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on a unit established by this lease by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, this lease as to that affected unit shall be extended until ninety (90) days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Notwithstanding anything hereinabove to the contrary, and there is excepted herefrom and reserved to Lessors herein all uranium, fissionable materials, coal, and lignite. It is specifically understood and agreed that this lease covers only Oil, Gas, Sulphur and associated liquid or liquefiable hydrocarbons but this lease does not cover and include any other minerals, with all such other minerals being reserved to the Lessors herein. Accordingly, the words "Oil, Gas" when used herein, shall mean Oil, Gas, Sulphur, and associated liquid or liquefiable hydrocarbons; and the words "all other minerals" as defined herein are reserved to Lessors.

13. (a) For each well drilled and completed as a producer on the leased premises or on lands pooled therewith, Lessee shall establish either a pooled unit or a Production Unit, as prescribed herein. If Lessee exercises its pooling authority under paragraph 4, above, such pooled units shall constitute a permissible unit under this lease. For any well Lessee completes as a producer on the leased premises wherein Lessee does not so exercise its pooling authority, then Lessee shall declare a unit comprising only the leased premises by filing a "Declaration of Production Unit" in the official public records of Cass County, Texas, within thirty (30) days from the date of completion of such well. The Declaration of Unit shall describe those portions of the leased premises incorporated into the production unit by metes and bounds or other surveying measurements in accordance with the size of pooled units described in Paragraph 4, above.

(b) Subject to all provisions of this lease, at any time during or after the primary term, Lessee completes a well capable of producing oil and gas in paying quantities, and if (i) portions of this lease have been included within units formed pursuant to this Lease's provisions for establishing pooled units or Production Units, leaving some portions of the leased premises not included in established and existing units permitted by this lease, and (ii) this Lease is then being held in full force and effect by any means provided for by this lease, then in that event and only in that event, this lease shall continue in effect as to all acreage which has not been put into a unit established as permitted by this lease so long as Lessee engages in a continuous drilling program to reasonably develop the leased premises. In discharging its continuous drilling program, Lessee must initially commence actual drilling on the leased premises or lands pooled therewith which are not within existing units within one hundred eighty (180) days from the end of the primary term, and thereafter commence actual drilling of the next such succeeding well within one hundred eighty (180) days after the completion of said well. So long as not more than one hundred eighty (180) days elapse between the completion of one well and the commencement of actual drilling of the subsequent well, this lease will remain in full force and effect as to all lands not so included in established units. If Lessee does not commence such continuous development under this paragraph, or once started, Lessee stops continuous development hereunder, then this lease shall terminate as to any acreage not then included in an established unit for a producing well. "Completion" is defined as the date upon which the total depth of the well is reached, which total depth may occur prior to but not after the date upon which the rig used to drill said well is released and fracture stimulation operations have been completed. Upon termination of this lease as to any part, Lessee shall execute and deliver to Lessor a recorded release covering the acreage which has expired. Upon the termination of the any portion of the lease under this paragraph, Lessee shall lose all rights in the terminated acreage, except that Lessee shall retain an easement and lease facilities rights across the terminated portions of the leased premises for such wells and acreage which remain part of the Lease. Effective from the date portions of this lease terminate pursuant to this paragraph 13, the leased premises contained in each existing unit formed hereby shall be treated if such leased premises are covered by a separate lease. No express obligation imposed upon Lessee herein shall relieve it of any implied or otherwise existing duty of exploration, development, operation, marketing or protection from drainage. All express obligations shall be construed as providing minimum standards only.

14. Notwithstanding anything to the contrary contained herein, Lessee is hereby granted the exclusive option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for an additional period of two (2) years as to all or any portion of the acreage described herein. The only action required by Lessee to exercise this option being payment to Lessor of an additional consideration of the sum of \$200.00 per net mineral acre so extended, which payment shall cover the entire two (2) year extended primary term. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. If this lease is extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

15. Lessee shall send, without Lessor first asking, copies of logs and completion reports filed with the Texas Railroad Commission for all wells drilled on the leased premises or on lands pooled therewith. Lessor agrees to keep confidential the logs from all third parties, except Lessor may provide such information to those persons engaged by Lessor to advise Lessor for its internal use and review.

IN WITNESS WHEREOF, this instrument is dated as of the date first above written.

CASS COUNTY IRON COMPANY

By: Beverly B. Wadsworth  
President

ITS: \_\_\_\_\_

STATE OF Maine

COUNTY OF Hancock

This instrument was acknowledged before me on the 22nd day of October, 2019, by Beverly B. Wadsworth President of Cass County Iron Company, on behalf of said Company.

Rachel a. Dow  
Notary Public, State of Maine

EXHIBIT "A"  
(Land Description)

Attached to and made a part of that certain Oil, Gas and Mineral Lease from Cass County Iron Company, as Lessor, to NETX Acquisitions, LLC, as Lessee.

Being 1,328.52 acres, more or less, in the B.B.B. & C. R. R. CO SURVEY, A-129, the DANIEL M. FRAZIER SURVEY, A-363, the MARGARET HOGAN SURVEY, A-535, the W. H HOGAN SURVEY, A-545, the ED MEYER SURVEY, A-1303, the R. PREWITT SURVEY, A-872, the I. N. MARRETT SURVEY, A-1281, the HICKS MILSAP SURVEY, A-760, the W. H. HARRIS SURVEY, A-1286 and the G. S. YOUNG SURVEY, A-1161, Cass County, Texas and being more fully described in the following eleven (11) tracts, to-wit:

Tract One: 155.66 acres, more or less, in the B.B.B. & C. R. R. CO SURVEY, A-129, Cass County, Texas and being the same land more fully described as "Parcel 61(f)" in that certain Mineral Deed dated February 27, 1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Two: 163.25 acres, more or less, in the DANIEL M. FRAZIER SURVEY, A-363, Cass County, Texas and being the same land more fully described as "Parcel 61(d)" in that certain Mineral Deed dated February 27, 1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Three: Being 111.98 acres, more or less, in the MARGARET HOGAN SURVEY, A-535, Cass County, Texas and being more fully described as 160 acres in that certain Warranty Deed dated January 13, 1912 from Henry Woodward et al to A. L. Burford, Trustee, recorded in Volume U-3, Page 274, Deed Records of Cass County, Texas; SAVE AND EXCEPT: 0.02 acre, more or less, being that part a 11.40 acre tract located within the MARGARET HOGAN SURVEY, A-555, Cass County, Texas and being more fully described in that certain Warranty Deed dated October 4, 1974 from East Texas Iron Company to W. Frank Hall, recorded in Volume 569, Page 618, Deed Records of Cass County, Texas; and further SAVE AND EXCEPT: Being 48 acres, more or less, being more fully described in that certain Deed dated February 9, 1912 from A. L. Burford, Trustee to Quitman Woodward et al, recorded in Volume B-4, Page 220, Deed Records of Cass County, Texas – leaving herein described: 111.98 acres, more or less.

Tract Four: 58.60 acres, more or less, in the W. H HOGAN SURVEY, A-545, Cass County, Texas and being more fully described in that certain Warranty Deed dated January 31, 1912 from W. C. Woodward and Annie Woodward to A. L. Burford, Trustee, recorded in Volume X-3, Page 153, Deed Records of Cass County, Texas; SAVE AND EXCEPT: 11.40 acres, more or less, being that part of the 11.40 acre tract located within the W. H. HOGAN SURVEY, A-545, Cass County, Texas and being more fully described in that certain Warranty Deed dated October 4, 1974 from East Texas Iron Company to W. Frank Hall, recorded in Volume 569, Page 618, Deed Records of Cass County, Texas – leaving herein described: 58.60 acres, more or less.

Tract Five: Being 79.0 acres, more or less, in the ED MEYER SURVEY, A-1303, Cass County, Texas, also known as the Nay Barker and being the same land more fully described as "Parcel 61(g)" in that certain Mineral Deed dated February 27, 1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Six: Being 116.30 acres, more or less, in the R. PREWITT SURVEY, A-872, Cass County, Texas

and being the same land more fully described as "Parcel 61(e)" in that certain Mineral Deed dated February 27,1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Seven: Being 91.31 acres, more or less, in the I. N. MARRETT SURVEY, A-1281, Cass County, Texas and being the same land more fully described as "Parcel 28" in that certain Mineral Deed dated February 27,1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Eight: Being 31.32 acres, more or less, in the HICKS MILSAP SURVEY, A-760, Cass County, Texas and being the same land more fully described as "Parcel 33" in that certain Mineral Deed dated February 27,1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Nine: Being 105.33 acres, more or less, in the W. H. HARRIS SURVEY, A-1286, Cass County, Texas and being the same land more fully described as "Parcel 35" in that certain Mineral Deed dated February 27,1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Ten: Being 247.97 acres, more or less, in the G. S. YOUNG SURVEY, A-1161, Cass County, Texas and being the same land more fully described as "Parcel 27" in that certain Mineral Deed dated February 27,1975, from East Texas Iron Company to Cass County Iron Company, recorded in Volume 572, Page 574, Deed Records of Cass County, Texas.

Tract Eleven: Being 167.80 acres, more or less, in the G. S. YOUNG SURVEY, A-1161, Cass County, Texas and being the same land more fully described in that certain Oil, Gas and Mineral Lease dated June 23, 1982 between Cass County Iron Company and McBrayer Oil Corporation, recorded in Volume 681, Page 562, Deed Records of Cass County, Texas.

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*

October 20, 2022

Mr. Jeremy Acord  
Rose City Resources, LLC  
100 Independence Pl. Ste. 405  
Tyler, Texas 75703

VIA E-MAIL

RE: Rose City Resources, LLC  
WRTP 13882  
CN605821149, RN111575205  
Application No. 13882 for a Temporary Water Use Permit  
Texas Water Code § 11.138, Requiring Limited Mailed Notice  
Jim Bayou, Cypress Creek Basin  
Cass County

Dear Mr. Acord:

This acknowledges receipt, on September 21, 2022, of the referenced application and fees in the amount of \$371.25 (Endorsement No. FTY0029081, copy attached).

A temporary permit may only be issued if there is surplus water available for use on a short-term (temporary or ephemeral) basis in the source supply. During low flow conditions, which occur during a drought or periods of limited rainfall, all water in the basin will be required for existing senior water rights and there is no presumption of any surplus flows.

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

1. Confirm that the reservoir is currently used solely for domestic and livestock purposes.
2. Confirm that the source of water is Jim Bayou, tributary of James Bayou, Cypress Creek Basin.
3. Indicate the 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). Refer to pages 28-29 from the *Instructions for Completing the Water Right Permitting Application* (Form TCEQ-10214A-inst) for assistance in developing your response.
4. 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).

Mr. Jeremy Acord  
Application No. 13882  
October 20, 2022  
Page 2 of 2

5. Provide written evidence that Mr. Jeremy Acord is authorized to sign the application for Rose City Resources, LLC pursuant to Title 30 TAC § 295.14 which states:

If the applicant is a corporation, public district, county, municipality, or other corporate entity, the application shall be signed by a duly authorized official. Written evidence in the form of bylaws, charters, or resolutions which specify the authority of the official to take such action shall be submitted. A corporation may file a corporate affidavit as evidence of the official's authority to sign.

Please provide the requested information by November 21, 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](mailto: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



Basis2 - Receipt History Report

23-SEP-22 02:59 PM

<u>Bank Slip#</u>	<u>Slip Status</u>					<u>USAS Proj #</u>	<u>Paid For</u>	<u>Orig Tran Amnt</u>
<u>Document#</u>	<u>Site Code</u>	<u>Tran.Date</u>	<u>Tran.Code</u>	<u>Created By</u>	<u>Endorse #</u>	<u>Permit/Proj #</u>	<u>Vendor #</u>	<u>Corrected?</u>
<u>Fee Code</u>	<u>Account Name</u>		<u>Account #</u>	<u>Paid In By</u>	<u>Endorse.Date</u>	<u>Check Number</u>	<u>Pay Type</u>	<u>Corrected Tran Amnt</u>
BTY0006245	Closed						IRON ORE LAKE	-\$371.25
F0475074	TY5	21-SEP-22	FO		FTY0029081			
EMG	TEMPORARY/EME RGENCY WTR USE PERMIT ISSUE		EMG	ROSE CITY RESOURCES, LLC	091922	26505	CK	-\$371.25
Grand Total:								-\$371.25

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: Rose City Resources
B. Mailing Address: 100 Independence Pl. Ste 405
C. Telephone Number: 903 420 9500 Fax Number: - E-mail Address [redacted]
D. Applicant owes fees or penalties? Yes No [checked]
If yes, provide the amount and the nature of the fee or penalty as well as any identifying number:

- E. Describe Use of Water: Oil & Gas Development
F. Description of Project (TDH Project No. if applicable): Well drilling & Completion
G. Highway Designation No.: Co Road 1754 County: CASS

- 2. Type of Diversion (check one): From Stream From Reservoir [checked]
3. Rate of Diversion:
A. Maximum: 3500 gpm (capacity of pump)

- 4. Amount and Source of Water: 120 acre-feet of water within a period of 180 days (specify term period not to exceed a three year term). The water is to be obtained from Iron Ore Lake, tributary of 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 32.965717°N, Longitude -94.325089°W, ((at) or (near) the stream crossing of), (at a reservoir in the vicinity of) FM 125 (R-O-W) (Highway), located in Zip Code 75563, located 4.0 miles in a SE direction from Linden, TX (Linden) (County Seat), Cass County, and miles in a direction from, a nearby town shown on County road map. Note: Distance in straight line miles.

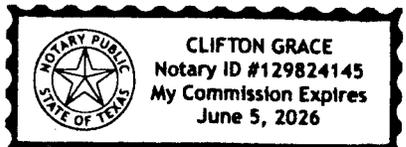
Enclose a USGS 7.5 minute topographic map with the diversion point and/or the return water discharge points labeled. Owner's written consent is required for water used from any private reservoir, or private access to diversion point.

- 6. Access to Diversion Point (check one): Public right-of-way Private property Other (Explain) Oil & Gas Lease rights
7. Fees Enclosed: Filing Recording Use (Note: 1 ac-ft = 325,851 gals. 1 ac-ft = 7758.35 bbls.) Total \$ 100.00 \$ 1.25 \$ - \$ 371.25

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.

[Signature] Name (sign) Jeremy Acord Name (print)

Subscribed and sworn to me as being true and correct before me this 14th day of September, 20 22



[Signature] Notary Public, State of Texas



