



EDWARDS AQUIFER HABITAT CONSERVATION PLAN PROGRAM

SPRINGFLOW PROTECTION PROGRAM FORBEARANCE AGREEMENT

This Springflow Protection Program Forbearance Agreement (“Agreement”) is entered into by and between the **EDWARDS AQUIFER AUTHORITY** (“EAA”), a conservation and reclamation district and political subdivision of the State of Texas, and Gilleland Land Co., LP (“Permittee,” whether one or more), the person or entity that is shown by the official permitting records of the EAA as the owner of record of Permit No. P106-266 (“Permit”), attached hereto as Exhibit A. Each of these entities is, at times, referred to individually as a “Party,” and both are referred to collectively as “Parties.”

AGREEMENT

NOW, THEREFORE, for the mutual consideration expressed in this Agreement, the sufficiency of which is acknowledged, the Parties agree as follows:

1. PURPOSE

(a) The purpose of this Agreement is to implement and administer the forbearance portion of the San Antonio Water System Aquifer Storage and Recovery Springflow Protection Program (“Springflow Protection Program” or “Program”) wherein participating permittees will be compensated to forbear exercising their right under permits issued by the EAA to make withdrawals from the Aquifer during times of certain droughts as defined in this Agreement. On February 5, 2013, the U.S. Fish and Wildlife Service issued Incidental Take Permit No. TE63663A-1 (“ITP”) (eff. Mar. 18, 2013), as amended, to the EAA, among others, under Section 10(a) (16 U.S.C.A. § 1539(a)) of the federal Endangered Species Act of 1973. The ITP authorizes the take of certain threatened and endangered species associated with the Aquifer incidental to, among other things, the making of withdrawals from the Aquifer, and the management of such withdrawals, which are otherwise lawful activities under State law. A “habitat conservation plan” was filed with and supports the ITP. This plan, known as the “Edwards Aquifer Habitat Conservation Plan” (Nov. 2012) (“EAHCP”), provides for, among other things, the implementation of various Conservation Measures identified in Chapter 5 of the EAHCP which are intended to minimize and mitigate the impact of the use and management of the Aquifer on the authorized take of Covered Species under the ITP. The Springflow Protection Program is a component and supportive element of the “Use of the SAWS ASR for Springflow Protection” Conservation Measure under Subsection 5.5.1 of the EAHCP, which provides, among other things, that the EAA will implement this element of the Program.

(b) As used in this Agreement, the following terms have the following meanings:

(1) “Aquifer” means the Southern (or San Antonio) Segment of the Edwards Aquifer as defined in Subsection 1.03(1) of the Edwards Aquifer Authority Act (“EAA Act”) (Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350, as amended) within the boundaries of the EAA.

(2) “Forbear,” “forborne,” or “forbearance” means the complete curtailment of all or part of the right of the Permittee to make withdrawals of the pledged amount under Section 3(a) during a Forbearance Year under the Permit under the terms of this Agreement.

(3) “Withdraw,” “withdrawn,” or “withdrawal” means an act or a failure to act that results in taking groundwater from the Aquifer by or through man-made facilities, including pumping, withdrawing, or diversion.

2. TERM

2.1 In General

This Agreement is effective and commences on January 1, 2019 (the Effective Date) and terminates on January 1, 2029, subject only to the provisions of Section 2.2.

2.2 Early Termination

(a) This Agreement may be terminated prior to the termination date stated in Section 2.1 due to decisions made pursuant to the Adaptive Management Process of the FMA as follows:

(1) If it is determined that the Springflow Protection Program be discontinued as a Conservation Measure by the Implementing Committee of the EAHCP Program under Subsection 7.12.4.f. of the FMA, the EAA may terminate this Agreement, in its sole discretion, by providing advance written notice of termination to the Permittee by July 1st of any year during the term of this Agreement, in which case this Agreement terminates on December 31st of the same year in which the notice is timely given; or

(2) If the Springflow Protection Program is modified and such modification results in a material conflict with this Agreement, and the Parties are unable in good faith to renegotiate a modification to this Agreement to be consistent with the modified Program within 60 days from the date the EAA gives notice to the Permittee that the Program has been modified, either Party may terminate this Agreement by providing advance written notice of termination to the other Party by July 1st of any year during the term of this Agreement, in which case this Agreement terminates on December 31st of the same year in which timely notice is given.

(b) As used in this Agreement, the following terms have the following meanings:

(1) “Adaptive Management Process” means the iterative process, as defined in Subsection 1.1.1 of the FMA, designed to develop information through monitoring and research, and the review and use of the results to confirm the efficacy of or to adjust the Conservation

Measures, all as described in Article Seven of the FMA and in Chapter 6 of the EAHCP.

(2) "FMA" means the Funding and Management Agreement by and among the Edwards Aquifer Authority, the City of New Braunfels, the City of San Marcos, the City of San Antonio, acting by and through its San Antonio Water System Board of Trustees, and Texas State University – San Marcos to fund and manage the Habitat Conservation Plan for the Edwards Aquifer Recovery Implementation Program (eff. Jan. 1, 2012).

3. PERMIT AMOUNT PLEDGED FOR FORBEARANCE

(a) Under the terms of this Agreement, the Permittee agrees to forbear making withdrawals from the Aquifer under the Permit during a Forbearance Year in the total amount of 223.848 acre feet per annum ("AF/annum") distributed as 0.000 AF/annum of Unrestricted Irrigation Groundwater ("UIG"), 223.848 AF/annum of Base Irrigation Groundwater ("BIG"), as defined in Section 702.1 of the EAA's rules. The Permittee agrees and acknowledges that this amount of groundwater is authorized and available to the Permittee under the Permit for withdrawal from the Aquifer, and by virtue of the Permittee's decision to enter into this Agreement, the Permittee will be unable to withdraw this amount from the Aquifer during a Forbearance Year.

(b) The forbearance of the right to make withdrawals of groundwater from the Aquifer under the Permit in the amount stated in Subsection (a) will be administered by the EAA as provided in Section 6.

(c) The Permittee agrees to and shall:

(1) Forbear the right to make withdrawals of groundwater from the Aquifer under the Permit in the amount stated in Subsection (a); and

(2) Authorize the EAA to require and enforce the forbearance of the right to make such withdrawals.

(d) Except as provided in this section, no rights under the Permit shall be subject to any duty to forbear under the terms of this Agreement. All withdrawal rights remaining under the Permit, if any, that are not pledged for forbearance under Subsection (a), will be subject only to the applicable requirements of the EAA Act and EAA rules. Additionally, during a Non-Forbearance Year, all rights under the Permit, whether or not pledged for forbearance, likewise will be subject only to the applicable requirements of the EAA Act and EAA rules.

4. PAYMENTS

Subject to the terms of this Agreement, the EAA agrees to pay to the Permittee the sum of TWENTY -TWO THOUSAND THREE HUNDRED EIGHTY-FOUR and Eighty/100 Dollars (\$22,384.80) per year during the term of this Agreement. Payment shall be made no later than March 1st of each year during the term of this Agreement. Payment will be made in each year during the term of this Agreement irrespective of whether the year is a Forbearance or Non-

Forbearance Year.

5. FORBEARANCE YEARS

(a) Not later than June 1st of each year during the term of this Agreement, after the receipt of the Estimated Annual Recharge to the Aquifer from the USGS for the preceding year, the EAA shall calculate the Ten-year Rolling Average of the Estimated Annual Recharge to the Aquifer.

(b) If, on June 1st of a year, the Ten-year Rolling Average of the Estimated Annual Recharge to the Aquifer is equal to or less than 500,000 AF/annum, the General Manager of the EAA shall issue a notice of a Forbearance Year. A Forbearance Year commences on January 1st of the year following the year in which the General Manager issued a notice of a Forbearance Year.

(c) If, on June 1st of a year, the Ten-year Rolling Average of the Estimated Annual Recharge to the Aquifer is greater than 500,000 AF/annum, the General Manager shall issue a notice of a Non-Forbearance Year. A Non-Forbearance Year commences on January 1st of the year following the year in which the General Manager issued a notice of a Non-Forbearance Year.

(d) Notice of any such issuance by the General Manager shall be promptly given to the Permittee by email, if available, U.S. certified mail, postage prepaid, return receipt requested, and by posting on the EAA's internet site.

(e) As used in this Agreement, the following terms have the following meanings:

(1) "Estimated Annual Recharge to the Aquifer" means the amount of recharge occurring to the Aquifer during a year as estimated by the USGS pursuant to the protocol in Exhibit B, attached hereto, or other methodology that may subsequently be developed by the EAA.

(2) "Forbearance Year" means a year during which all or part of the right to make withdrawals of groundwater from the Aquifer under the Permit is required to be forborne as provided in Section 3, and as administered under Section 6.

(3) "Non-Forbearance Year" means a year other than a Forbearance Year. During such a year, no restrictions are made on the use of the Permit under this Agreement, and all rights under the Permit are subject only to the applicable requirements of the EAA Act and EAA rules.

(4) "Ten-year Rolling Average" means the unweighted arithmetic mean of the ten (10) most recent consecutive years at any given time.

(5) "USGS" means the United States Geological Survey.

6. ADMINISTRATION OF PERMIT RIGHTS SUBJECT TO THIS AGREEMENT

6.1 Transfers

(a) The Permittee warrants and represents that:

(1) The Permittee has not previously transferred to a third-party, including by sale, lease, or other assignment, any rights under the Permit that continue to remain in full force and effect as of the Effective Date of this Agreement for which the Permittee has not previously filed with the EAA a transfer application that has been approved by the EAA under Subchapter L of Chapter 711 of the EAA's rules; and

(2) A third-party has not previously transferred to the Permittee, including by sale, lease, or other assignment, any rights to make withdrawals from the Aquifer under another permit issued by the EAA at a point of withdrawal authorized under the Permit that continue to remain in full force and effect as of the Effective Date of this Agreement for which the third-party has not previously filed with the EAA a transfer application that has been approved by the EAA under Subchapter L of Chapter 711 of the EAA's rules.

(b) Rights pledged under Section 3(a) of this Agreement may be sold, leased, or otherwise assigned by the Permittee to a third-party. Any such transfer shall be processed as provided by the applicable provisions of Subchapter L of Chapter 711 of the EAA's rules. The EAA may not withhold approval except as is provided by those rules. However, in its approval of the transfer of the pledged rights, the EAA may condition the approval upon the Permittee's lessee or other transferee or assign taking subject to the terms of this Agreement. The EAA will promptly give written notice to the Permittee's lessee or other transferee or assign that they take subject to the terms of this Agreement. Failure to give such notice does not waive any duty by the Permittee's lessee or other transferee or assign to comply with the terms of this Agreement.

(c) Rights to make withdrawals from the Aquifer under another permit issued by the EAA at a point of withdrawal authorized under the Permit may be sold, leased, or otherwise assigned by a third-party to the Permittee without regard to the fact that this Agreement is in effect. Any such transfer shall be processed as provided by the applicable provisions of Subchapter L of Chapter 711 of the EAA's rules. The EAA may not withhold approval except as is provided by those rules.

(d) The Permittee, and his or her lessees or other transferees or assigns, and the EAA shall take all further actions and shall execute and deliver to the other any document which is necessary or useful to fully carry out the transfers referenced in this section, including any amendments to this Agreement, the Permit, or other permits issued by the EAA.

6.2 Groundwater Trust

(a) Upon the commencement of a Forbearance Year under Section 5(b), the Parties agree that the amount of the Permit pledged for forbearance in Section 3(a) will be transferred into the Groundwater Trust of the EAA. However, this will not result in a transfer of any right, title, or interest to the EAA, and all right, title and interest in the portion of the Permit transferred will remain in the Permittee. The unpledged portion of the Permit, if any, as provided in Section 3(d) shall not be affected in any manner by the terms of this Agreement. The EAA will promptly give

written notice to the Permittee, and his or her lessees or other transferees or assigns, if any, of any rights transferred into the Trust under this subsection. Failure to give such notice does not waive any duty by the Permittee or any transferee to comply with the terms of this Agreement.

(b) The portion of the Permit transferred into the Groundwater Trust under Subsection (a) shall remain in the Trust beginning on January 1st of any Forbearance Year and shall continue in trust through December 31st of the same Forbearance Year.

(c) Upon transfer of the portion of the Permit transferred under Subsection (a) into the Groundwater Trust, and while a Forbearance Year remains in effect, neither the Permittee, nor his or her lessees or other transferees or assigns, shall have any right to withdraw groundwater from the Aquifer pursuant to the portion of the Permit transferred into the Trust.

(d) Upon transfer of the portion of the Permit transferred under Subsection (a) into the Groundwater Trust, and while a Forbearance Year remains in effect, the EAA:

(1) May not authorize the Permittee or any other person to withdraw groundwater from the Aquifer under the portion of the Permit in trust;

(2) May not on its own accord sell, lease, transfer, or otherwise assign the portion of the Permit in trust to a third-party;

(3) May, at the request of the Permittee, process and approve a transfer of the portion of the Permit in trust to a third-party in accordance with Subchapter L of Chapter 711 of the EAA's rules, and give the written notice required under Section 6.1(b); and

(4) Shall exclude the portion of the Permit in trust when calculating the Permittee's authorized groundwater withdrawal amounts under the Permit for purposes of Section 715.218 of the EAA's critical period management rules.

(e) Upon the expiration of a Forbearance Year under Section 5(c), the Parties agree that the amount of the Permit pledged for forbearance in Section 3(a) will be transferred from the Groundwater Trust to the Permittee. Upon transfer from the Trust, as provided in Subsection 3(d), the Permittee, or his or her lessees or other transferees or assigns, may make withdrawals from the Aquifer under the Permit of the amount pledged for forbearance in Section (3)(a) during a Non-Forbearance Year without regard to the duty to forbear under this Agreement and subject only to administration by the EAA under the applicable requirements of the EAA Act and EAA rules. The EAA will promptly give written notice to the Permittee, and his or her lessees or other transferees or assigns, if any, of any rights transferred from the Trust under this subsection.

(f) As used in this Agreement, "Groundwater Trust" means the trust established and administered by the EAA under Subchapter N of Chapter 711 of the EAA's rules.

6.3 Groundwater Accounting

The EAA shall account for all withdrawals of groundwater from the Aquifer under the Permit regardless of whether made by the Permittee, his or her lessees or other transferees or assigns, or any other person, and whether or not authorized by the Permittee. The EAA shall prepare and maintain annual groundwater withdrawal accounting records as necessary to determine the amounts of Aquifer groundwater withdrawn and forborne from withdrawal under the Permit during each year during the term of this Agreement. The Permittee, and his or her lessees or other transferees or assigns, shall fully cooperate in the gathering and furnishing to the EAA of any information pertinent to the preparation of such records. Upon reasonable notice from the Permittee, the EAA will make available for inspection and copying by the Permittee, or his or her representative, all records developed under this section.

6.4 Metering and Reporting

(a) For each year during the term of this Agreement, the determination of the amount of groundwater withdrawn from the Aquifer under the Permit will be made based on readings from meters installed on the points of withdrawal authorized under the Permit and reported in accordance with the provisions of Subchapter M of Chapter 711 of the EAA's rules. For each Forbearance Year during the Term of this Agreement, the Permittee shall continue to report use in accordance with the provisions of Subchapter M of Chapter 711 of the EAA's rules, however, meter readings may also be made by the EAA on the frequency as, in its sole discretion, is appropriate to ensure compliance with this Agreement.

(b) If the Permittee leases, transfers, or otherwise assigns, all or part of the right to withdraw groundwater from the Aquifer under the Permit to a third-party who has authorized points of withdrawal under another permit issued by the EAA, the provisions of Subsection (a) immediately begin to apply to the lessee, transferee, or other assign upon the effective date of the EAA's approval of the transfer application relative to the lease, transfer, or other assignment as provided in Subsection 711.326(e) of the EAA's rules.

(c) If the Permittee has no points of withdrawal authorized under the Permit as of the Effective Date of this Agreement, the amount of groundwater withdrawn from the Aquifer under the Permit during a year shall be deemed to be zero. However, if during the term of this Agreement the Permittee installs points of withdrawal that are authorized under the Permit, the provisions of Subsections (a) immediately begin to apply to the Permittee.

7. GENERAL PROVISIONS

7.1 To Whom the Duty to Forbear Applies

The terms of this Agreement apply to the following persons or entities:

(A) the Permittee;

(A) the Permittee's lessees or other transferees or assigns of any rights under the Permit after the Effective Date of this Agreement;

(C) the Permittee's lessees or other transferees or assigns of any rights under the Permit before the Effective Date of this Agreement, if the lessee, transferee or other assign acknowledges in writing on a form prescribed by the EAA that he or she is subject to the terms of this Agreement; and

(D) any other person or entity who makes withdrawals under the Permit, whether or not authorized by the Permittee, and whether the withdrawals are made by, for, or on behalf of the Permittee.

7.2 Legal Authority to Enter into Agreement

The Parties warrant and represent that each Party has all requisite legal authority to enter into and to perform its obligations under this Agreement without the consent or joinder of any other person or entity; that it is authorized by law to execute this Agreement; that its execution of this Agreement has been duly authorized by appropriate action of its governing body or other appropriate official; and that it has taken all necessary official action to approve this Agreement.

7.3 Binding Effect

This Agreement is binding on and inures to the benefit of the Parties and their respective successors, representatives, transferees, and other assigns.

7.4 Access to Property

The Permittee authorizes the EAA, through any of its authorized officers, agents, employees, or representatives, to enter upon the Permittee's property identified as the place of use in the Permit for the purposes of installing, operating, maintaining, reading, repairing, rehabilitating, or replacing its meters, and to ensure compliance with this Agreement. The entry may be at any reasonable time for this purpose. The persons conducting such entry shall notify the Permittee, or his or her representative, of their presence, present proper identification, and conduct such entry with due regard for the safety of the premises and its occupants. The employees or representatives of the EAA that enter the Permittee's property shall remain on established roads, paths, and well sites at all times and are prohibited from hunting or removing any artifacts, or any plant or animal species from the Permittee's property. No third-party riders are allowed to accompany EAA employees or representatives.

7.5 Remedies

Each Party shall have those remedies that may be provided by applicable law, except that termination or rescission of this Agreement shall not be a remedy as long as the ITP is in effect. Moreover, if the Permittee fails to meet its forbearance obligations under this Agreement, then the Permittee acknowledges that a breach of this Agreement has occurred and that the EAA will consider this breach to be an unauthorized withdrawal of groundwater from the Aquifer. In such an event, the EAA may choose to process the unauthorized withdrawal under its enforcement procedures. If the EAA chooses to process the breach as an enforcement matter, the Permittee acknowledges that the EAA is not waiving any other rights or remedies it may have under

applicable law or this Agreement to enforce the terms of this Agreement.

7.6 Payment Default – Notice and Opportunity to Cure

If the EAA fails to make any payment in the required amount when due under this Agreement, the Permittee may, without prejudice to any other right or remedy it may have under this Agreement, provide written notice of default to the EAA. The EAA has sixty (60) days from receipt of the notice within which to remedy the default.

7.7 Waiver

The failure on the part of either Party to require the performance by the other of any portion of this Agreement shall not be deemed a waiver of, or in any way affect that Party's rights to enforce such provision. Any waiver by either Party of any provision of this Agreement shall not be a waiver of any other provision hereof.

7.8 Payments from EAA Revenue

The Parties agree that the cost of funding this Agreement will be paid solely from Program Aquifer Management Fees of the EAA, or other contributions, as provided in Article 5 of the FMA. The Permittee does not have the right to demand payment by the EAA of any obligations imposed upon the EAA under this Agreement from any funds raised or to be raised by taxation unless otherwise authorized by law. The EAA's obligation under this Agreement will never be construed to be a debt of the EAA of such kind as to require it under the Constitution and laws of the State to levy and collect an ad valorem tax to discharge such obligation.

7.9 Rights Regarding Books and Records

The EAA will authorize the Permittee upon reasonable notice to examine and copy at the Permittee's sole expense, in accordance with the EAA's standard copy fee schedule, all the books and records kept by the EAA regarding this Agreement. In addition, upon reasonable prior written notice to the EAA, the Permittee may conduct a complete audit of the books and records. Any such audit will be at the Permittee's sole expense and will be prepared by a certified public accounting firm. If the audit report discloses actual errors in the books and records of the EAA such that the payments made to the Permittee are in error, then such error will be corrected for the period up to four years after the erroneous payment was paid and all payments reconciled over the subsequent twelve-month period beginning with the EAA's fiscal year. If the error identified in the audit is greater than the cost of the audit, the EAA will reimburse the Permittee's cost of the audit.

7.10 Amendment

This Agreement may be amended only by written agreement of the Parties. No change, amendment, or modification of this Agreement will be made or be effective that will: (a) cause this Agreement to diverge from or create an inconsistency with the EAHCP; or (b) affect adversely the prompt payment when due of all money required to be paid by the EAA under the terms of this Agreement.

7.11 Administration of this Agreement; Addresses; and Notice

(a) The Parties appoint the persons below as their respective Agreement Administrators to coordinate their respective activities. The Parties each agree to fully cooperate and to meet as needed for the purpose of sharing information and coordinating administration and implementation of this Agreement. The Agreement Administrators and their addresses are as follows:

For the EAA:

Roland Ruiz
Edwards Aquifer Authority
900 E. Quincy
San Antonio, Texas 78215
rruiz@edwardaquifer.org
(210) 222-2204

For the Permittee:

Bruce Gilleland
P.O. Box 836
Uvalde, Texas 78802

If a Party changes its address or Agreement Administrator it will provide at least five days' written notice to the other Party.

(b) Any notices to be given shall be given by placing the notice in the United States mail, certified or registered, properly stamped and addressed to the address shown below or such other addresses as the respective Party may direct in writing to the other Party, by overnight delivery service, or by personal delivery to such address. Notice shall be deemed effective upon such placing in the mail, on the next business day following delivery and acceptance for next day delivery by any overnight delivery service, or upon actual delivery if by personal delivery. Notice may also be given by electronic communication or in any other manner and will be effective only if and when receipt is acknowledged by the Party to be notified.

7.12 Severability

The Parties agree that in case any one or more of the sections, clauses, or words of this Agreement, or their application to any situation, is held to be, for any reason, invalid, such invalidity will not affect any other sections, clauses, or words of this Agreement or their application. It is intended that this Agreement will be severable and will be construed and applied as if any such invalidity had not been included herein, and the rights and obligations of the Parties will be construed and remain in force accordingly.

7.13 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the matters described herein.

7.14 Record Notice

The EAA may, in its sole discretion, record of public record a memorandum of this Agreement with the County Clerk of the county in which the Permittee's property identified as the place of use in the Permit and on which the point(s) of withdrawal subject to forbearance under this Agreement is located.

7.15 Applicable Law; Venue

This Agreement will be governed by and construed in accordance with the laws of the State of Texas, and the obligations, rights, and remedies of the Parties will be determined in accordance with such laws, and this Agreement as provided in Section 7.5, without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations. The Parties also specifically agree that in the event that any legal proceeding is brought to enforce this Agreement, the same will be brought in Bexar County, or the county in which the Permittee's property identified as the place of use in the Permit and on which the point(s) of withdrawal subject to forbearance under this Agreement is located.

7.16 No Third Party Beneficiary

This Agreement is not intended to confer any rights, privileges or causes of action upon any third party other than the Parties.

7.17 Counterparts

This Agreement may be executed by the Parties in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first set forth hereinabove.

[signatures begin on next page]

EDWARDS AQUIFER AUTHORITY

By: _____
Roland Ruiz
General Manager

Date: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on _____, 201__, by Roland Ruiz, General Manager of the Edwards Aquifer Authority, known personally to me to be the person who subscribed to this instrument, on behalf of the Edwards Aquifer Authority.

Notary Seal

Notary Public, State of Texas

PERMITTEE

Gilleland Land Co., LP

By: Bruce Gilleland P

Date: Nov 19 2018

Bruce Gilleland - Owner

ACKNOWLEDGEMENT

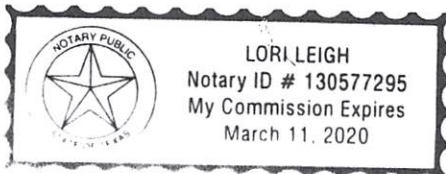
STATE OF TEXAS §
 §
COUNTY OF Uvalde §

This instrument was acknowledged before me on November 19, 20118, by Bruce Gilleland, the Permittee, known personally to me to be the persons who subscribed to this instrument, on behalf of the Permittees.

Notary Seal

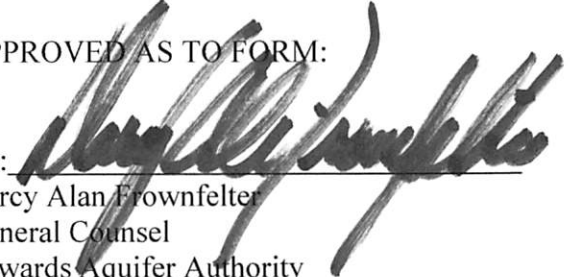
Rouli

Notary Public, State of Texas

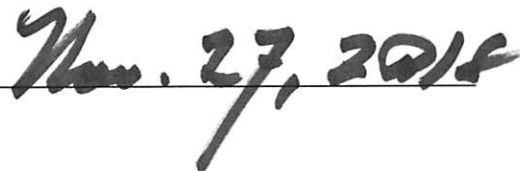


APPROVED AS TO FORM:

By:


Darcy Alan Frownfelter
General Counsel
Edwards Aquifer Authority

Date:



1953-54

1953-54

EXHIBIT A

Permit No. P106-266



**EDWARDS AQUIFER AUTHORITY
WATER RIGHTS FILING
INSTRUCTIONS FOR COUNTY CLERKS**

Please file this sheet and the attached Edwards Aquifer Authority, State of Texas "Regular Permit" in the Official Public Records using "Edwards Water Rights" as the document type.

1. **DATE OF EXECUTION:** APR 02 2013
2. **DOCUMENT TYPE:** Edwards Water Rights
3. **GRANTOR:** Bruce Gilleland and wife, Linda Gilleland
4. **GRANTEE(S) (Permittee):** Gilleland Land Co., LP
5. **LEGAL PLACE OF USE:**

Legal Description Reference	County	County Clerk Document No.	Volume/ Book	Page(s)
Special Warranty Deed	Uvalde	2012004108		

Survey / Abstract No	NCB	CB	Lot	Subdivision
Survey No. 298 / Abstract No. 1549 et al.				

6. **REGULAR PERMIT TO WITHDRAW GROUNDWATER FROM THE EDWARDS AQUIFER NO.** P106-266 (UV00443)
7. **ANNUAL WITHDRAWAL AMOUNT:** 223.848 Acre-Feet / Annum
8. **REASON FOR ISSUANCE:**

This Regular Permit was issued due to the sale of land and water rights from Bruce Gilleland and wife, Linda Gilleland (Initial Regular Permit P101-711 (UV00443)) previously recorded with the Uvalde Co. Clerk as Document # 2008003554, Official Public Records, Uvalde County, Texas.

9. **AFTER RECORDING RETURN TO:**

*Edwards Aquifer Authority
1615 N. Saint Mary's St.
San Antonio, TX 78215*

EDWARDS AQUIFER AUTHORITY
STATE OF TEXAS
REGULAR PERMIT No. P106-266 (UV00443)

THIS CERTIFIES THAT: Gilleland Land Co., LP
P.O. Box 836
Uvalde, TX 78802

has been issued this Regular Permit by the Board of Directors of the Edwards Aquifer Authority to withdraw groundwater from the Edwards Aquifer. This Permit is issued without a term. All prior permits or other approvals are superceded by this Permit.

Permit Derivation: UV00443 Purpose: Irrigation Pool: Uvalde

Authorized Annual Groundwater Withdrawal Amount: 223.848 acre-feet per calendar year of which 0.000 acre-feet are unrestricted irrigation groundwater and 223.848 acre-feet are base irrigation groundwater.

Place of Use: The tract(s) of land more fully described in Special Warranty Deed dated 11/30/2012 as recorded with Clerk as Document # 2012004108, Official Public Records, Uvalde County, Texas.

Withdrawal Point(s); Metering; Maximum Withdrawal Rate:

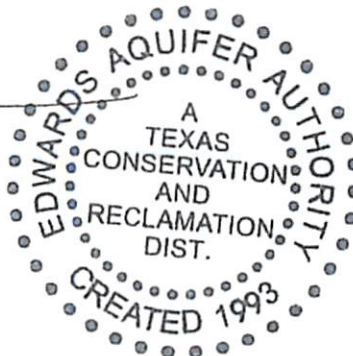
EAA WELL NO.	LOCATION	MEASURING METHOD	WITHDRAWAL RATE
W101-469 (UV00443-001)	29-17.00-15.00 / 99-41.00-16.70	Meter	1300 gpm
W101-470 (UV00443-002)	29-17.00-16.70 / 99-41.00-58.30	Meter	1700 gpm

Conditions: Edwards Aquifer groundwater may be withdrawn only under the terms and conditions of this Permit, the Edwards Aquifer Authority Act (Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350), other applicable general law, and Authority rules, as these may be amended from time to time. This permit is subject to the continuing jurisdiction and supervision of the Authority, and may be amended from time to time consistent with applicable law.

THIS REGULAR PERMIT IS ISSUED, EXECUTED, AND EFFECTIVE THIS 9th day of April, 2013.



LUANA BUCKNER
Chairman, Board of Directors



ATTEST:

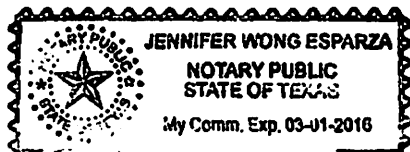


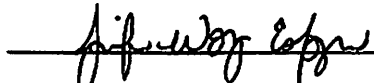
ENRIQUE VALDIVIA
Secretary, Board of Directors

ACKNOWLEDGMENT

STATE OF TEXAS)
COUNTY OF BEXAR)

ON BEHALF OF THE AUTHORITY, THIS PERMIT WAS ACKNOWLEDGED before me on April 9, 2013 by LUANA BUCKNER, Chairman, and ENRIQUE VALDIVIA, Secretary, Board of Directors, Edwards Aquifer Authority, a conservation and reclamation district created pursuant to Art. XVI, Sec.59, Texas Constitution.




Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:

Docket Clerk
Edwards Aquifer Authority
1615 N. St. Mary's St.
San Antonio, Texas 78215

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Ramona Esquivel Hobbs

Ramona Esquivel Hobbs, County Clerk
Uvalde County TEXAS

April 12, 2013 10:32:58 AM

FEE: \$24.00

2013001278

I, Ramona Esquivel Hobbs, County Clerk, do hereby certify
that the foregoing instrument was FILED FOR RECORD
on the date and time stamped hereon and was duly recorded
in the Official Public Records of Uvalde County, Texas.



Ramona Esquivel Hobbs, County Clerk
Uvalde County, Texas

By: Maia Luna Deputy

EXHIBIT B

USGS Estimated Annual Recharge to the Edwards Aquifer Protocol

The EAA shall require the USGS to estimate the annual recharge to the Edwards Aquifer ("Aquifer") as follows:

1. The method to be used by the USGS shall estimate the amount of annual recharge occurring to the Aquifer through streambeds and inter-basin areas using a water-balance method that: (1) relies on precipitation and streamflow measurements in the nine (9) drainage basins indicated in "Method of Estimating Natural Recharge to the Edwards Aquifer in the San Antonio Area, Texas," 1978, USGS WRI-7810, by Celso Puente; (2) consider only precipitation and stream flow that originates over the Contributing Zone and Recharge Zone of the Aquifer as presented in the USGS method referenced above; and (3) excludes inter-formational flows from adjacent aquifers.

2. The USGS will be required to collect and compile data to compute recharge to the Aquifer from the nine basins in the Aquifer recharge and drainage area as indicated in the Puente method referenced above.

3. The USGS will be required to collect and compile springflow data for Comal Springs and San Marcos Springs.

4. The USGS will be required to collect and compile rainfall data collected by the EAA, the National Oceanic and Atmospheric Administration, and other rainfall observers.

5. The USGS will be required to compile water-level data collected by the EAA.

6. The USGS will be required to compute recharge to the Aquifer using the Puente method referenced above.

7. Annually, the USGS will be required to transmit to the EAA a compilation of estimated monthly and annual recharge to the Aquifer by basin.