

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT
COUNTY OF CULBERSON, STATE OF TEXAS

**TRANSFERRED
HISTORIC USE PRODUCTION PERMIT**

Whereas, Lobo Pecans Joint Venture applied to the Culberson County Groundwater Conservation District on May 19, 2015, to amend HUPP030A to transfer the permit in ownership to PGF #3 - Lobo, LLC;

Whereas, the application to amend HUPP030A does not request any increase in the amount of groundwater authorized to be withdrawn in a year nor any other change other than identified herein;

Now Therefore the Board of Directors hereby certifies that:

**PGF #3 – Lobo, LLC
3109 Knox, #411
Dallas, TX 75205**

(“Permittee”), has applied for a transfer of Historic Use Production Permit to withdraw and place to beneficial use groundwater from within the District, and that the Board of Directors of the Culberson County Groundwater Conservation District (“District”) hereby revokes HUPP030 and approves HUPP030A as follows:

1 Permit Category

This permit is a **Historic Use Production Permit** (“HUPP”).

2 Permit Term

The term of this permit is perpetual from the date of issuance.

3 Groundwater Source

The source of groundwater is the Lobo Flat Aquifer (the “Aquifer”).

4 Annual Groundwater Withdrawal Amounts

Permittee may withdraw groundwater from the Aquifer for beneficial, nonwasteful use in a manner not to exceed the amount (volume) of 2,399.5 acre-feet per calendar year, subject to any proportional adjustment pursuant to Chapter 5, Subchapter B, of the District Rules. The amount of 2,399.5 acre-feet per calendar year is based on the determination by the District that the applicant owns 479.91 acres of Existing and Historic Irrigated Land, as defined in the District Rules.

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5 Purpose of Use

Permittee may use Aquifer groundwater only for **agricultural uses**, as defined in the District Rules.

6 Well Name(s), Location(s), and Maximum Rate of Withdrawal

Groundwater may be withdrawn from the Aquifer only from a well(s) located at each of the location(s) and with a maximum rate of withdrawal(s) (flow rate) as listed in Exhibit A, attached and incorporated herein.

7 Measurement of Amount of Groundwater Withdrawn

Permittee may withdraw groundwater only from a well that has an operating flow meter that meets the requirements of Chapter 8 of the District Rules.

8 Ownership of Land and Place of Use of Groundwater

Exhibit B, attached and incorporated herein, is a copy of the deeds for land owned by the Permittee and provided by the Permittee in Permittee's HUPP application to the District. The District relied on the information contained in Exhibit B in granting this permit. Permittee may beneficially use Aquifer groundwater only for irrigation of agricultural crops located within the property identified in Exhibit B of this permit.

9 Measurement of Amount of Groundwater Withdrawn

Permittee may only withdraw groundwater from a well that has an operating flow meter that meets the requirements of Chapter 8 of the District Rules.

10 Well Construction, Operation, Maintenance, Closure

The well(s) identified in this permit shall be installed, equipped, operated, maintained, plugged, capped, or closed, as may be appropriate, in accordance with the District Rules and all other applicable federal, state, and local laws. Included in these requirements is the requirement that Permittee shall submit a copy of a state plugging report to the District within 60 days after capping or plugging any well.

11 Water Conservation

Withdrawals of groundwater are required to be efficiently withdrawn and used in compliance with the District Rules and the District's water conservation plan (as may be amended), and Permittee's water conservation plan as approved by the District, as may be applicable.

12 Conveyance to Place of Use

Water authorized by this permit to be produced must be conveyed to the place of use in a manner to prevent evaporation, channel loss by percolation, or waste. Water conveyed greater than a distance of one-half mile from the wellhead where produced must be conveyed through a pipeline.

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13 Meters

Permittee shall install, operate, and maintain meter(s) on the well(s) identified in this permit in compliance with the District Rules and the manufacturer's instructions.

14 Reports

Permittee shall timely file all applicable reports with the District on forms prescribed by the District as required by the District Rules, and other applicable law.

15 Fees

Permittee shall timely pay and remain current on the payment of all applicable fees to the District.

16 Groundwater Management Plan

Permittee shall withdraw and use groundwater only in accordance with the District's approved groundwater management plan, as may be amended.

17 Water Quality

Permittee shall use diligence to protect the water quality of groundwater in the District and shall comply with the District Rules on water quality and shall take no action that pollutes or contributes to the pollution of groundwater in the District.

18 Transfers

Permittee may transfer or amend this permit only in compliance with the District Rules.

19 Change of Address

The Permittee shall provide to the District written notice of any change in the mailing address of the Permittee within 30 days after such address is changed.

20 Inspections by District

Any authorized officer, employee, agent, or representative of the District shall have the right at all reasonable times to enter upon lands upon which a well may be located within the boundaries of the District, including the well(s) identified in Paragraph 6 of this permit, for the purpose of inspecting or testing such wells, meters, pumps, and the power units of a well or wells, collecting water samples, and making any other reasonable and necessary inspections and tests that may be required or necessary for the formulation or the enforcement of the permits, rules, or orders of the District. Permittee has a duty to ensure that the well site is accessible to District representatives for inspection and to cooperate fully in any reasonable inspection of the well(s) and well site by District officers, employees, agents, or representatives.

21 Additional Conditions

This permit is issued subject to the requirements of: (1) Chapter 8816, Texas Special District Local Laws Code; (2) Chapter 36, Texas Water Code; and (3) the District Rules.

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COUNTY OF CULBERSON, STATE OF TEXAS**

22 Enforcement

The District retains the right to take any and all enforcement actions within its legal authority to enforce compliance with the terms and conditions of this permit.

23 Continuing Jurisdiction of District

This permit is issued subject to the continuing jurisdiction of and supervision by the District, and may be amended from time-to-time consistent with applicable law, including circumstances in which the District learns that any of the information set forth in this permit is incorrect on the date issued.

24 Permit Recordation

Within 30 days of the date of issuance of this approved permit from the District, the District shall record this permit with the Culberson County Clerk.

25 References to Law

Any reference in this permit to a statute, rule, or other law of any kind that exists on the date of issuance of the permit includes all subsequent amendments thereto.

26 Other Matters Denied

All other matters requested in Permittee's application that are not specifically granted by this permit are denied.

THIS PERMIT IS ISSUED, EXECUTED THIS 28th of August, 2015, by the General Manager of the Culberson County Groundwater Conservation District, pursuant to District rules and/or as provided in Ch. 36, Texas Water Code.

Summer Webb
Summer Webb, District General Manager

ACKNOWLEDGMENT

STATE OF TEXAS)

COUNTY OF CULBERSON)

ON BEHALF OF THE DISTRICT, THIS PERMIT WAS ACKNOWLEDGED before me on August 28, 2015, by Summer Webb, General Manager of the Culberson County Groundwater Conservation District, a groundwater conservation district created pursuant to Article XVI, Section 59, Texas Constitution.



Vicky L Jones
Notary Public in and for the State of Texas

CULBERSON COUNTY GROUNDWATER CONSERVATION DISTRICT
COUNTY OF CULBERSON, STATE OF TEXAS

EXHIBIT A

Groundwater may only be withdrawn from the aquifer from a well(s) located at each of the location(s) and with a maximum rate of withdrawal(s) (flow rate) as follows:

<u>Name</u>	<u>Location (latitude/longitude)</u>	<u>Maximum Flow Rate (gpm)</u>
#0 (5110618)	30.819444, -104.755278	400
#1 (5110335)	30.833611, -104.758611	1000
#5 (5110601)	30.826111, -104.7600	800
#6 (5110619)	30.825278, -104.7625	850
#7 (5110623)	30.825278, -104.773333	600

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

WARRANTY DEED

STATE OF TEXAS)
) KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF CULBERSON)

That BROOKSHIER PECAN FARMS JOINT VENTURE (the "Grantor"), for Ten Dollars (\$10.00) cash and other valuable consideration to it in hand paid and agreed to be performed by PGF #3 - LOBO, LLC, a Texas limited liability company (the "Grantee"), whose address is P.O. Box 1447, Bastrop, Texas 78602, as follows:

- (1) Ten Dollars (\$10.00) cash and other valuable consideration;
- (2) Ten Million Dollars (\$10,000,000.00) by execution and delivery by Grantee, among others, of a Promissory Note in that amount payable to the order of Capital Farm Credit, FLCA, bearing interest and payable as provided in said Note; which Note is secured by a Vendor's Lien retained herein and by a Deed of Trust of even date from Grantee to Ben Novosad, Trustee for Capital Farm Credit, FLCA;

has GRANTED, SOLD and CONVEYED, and by these presents does hereby GRANT, SELL and CONVEY unto the said Grantee, that certain parcel of land situated in Culberson County, Texas described on Exhibit "A", attached hereto and made part hereof (the "Property").

This conveyance is subject only to the following exceptions:

- (a) Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements;
- (b) Standby fees, taxes and assessments by any taxing authority for the year 2015, and subsequent years and subsequent taxes and assessments for any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the Property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year, which Grantee assumes;

- (c) All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records;
- (d) Mineral and/or royalty interest, as described in instrument recorded in Volume 2, Page 242; Volume 3, Page 123, Page 212 and Page 218; Volume 4, Page 69, Page 492, Page 493 and Page 519; Patent Records of Culberson County, Texas;
- (e) Mineral and/or royalty interest, as described in instrument recorded in Volume 37, Page 381; Volume 46, Page 304; Volume 55, Page 166; Volume 77, Page 453; Volume 101, Page 319; Volume 106, Page 313; Volume 110, Page 324 and Volume 113, Page 373, Deed Records of Culberson County, Texas;
- (f) Drainage Easements to State of Texas as recorded in Volume 41, Pages 366, 494 and 501, Deed Records of Culberson County, Texas;
- (g) Rights or claims, if any, of the 2.264 acres encroachment of the adjoining property line (Pecan Trees and Fence) along the south boundary line as shown on survey dated February 9, 2015, last revised March 3, 2015, by Ismael S. Villalobos, Texas Registered Professional Land Surveyor #5053;
- (h) Terms, conditions and stipulations contained in Oil, Gas or Mineral Lease, recorded in Volume 54, Page 565, Oil and Gas Records of Culbertson County, Texas;
- (i) Easement and Right of Way to Rio Grande Electric Cooperative, Inc, recorded in Volume 140, Page 69, Deed Records, Culberson County, Texas;
- (j) Title to all oil, gas and minerals of every kind and character in, on and under the Property, together with all rights, privileges and immunities relating thereto, heretofore reserved or conveyed by predecessors in title, to Helen M. Jones, in Volume 46, Page 304, Deed Records, Culberson County, Texas;
- (k) Title to all oil, gas and minerals of every kind and character in, on and under the Property, together with all rights, privileges and immunities relating thereto, heretofore reserved unto the State of Texas in Patent to Ella Day, dated September 17, 1943, recorded in Volume 3, Page 211, Patent Records, Culberson County, Texas;
- (l) Undivided One-Half (1/2) Interest in and to all oil, gas and minerals of every kind and character in, on and under the Property, together with all rights, privileges and immunities relating thereto, heretofore reserved or conveyed by predecessors in title, to Limpia Royalties, in Volume 37, Page 381, Deed Records, Culberson County, Texas;

- (m) Title to all oil, gas and minerals of every kind and character in, on and under the Property, together with all rights, privileges and immunities relating thereto, heretofore reserved unto the State of Texas in Patent to West Pyle Cattle Co., dated November 25, 1940, recorded in Volume 3, Page 122, Patent Records, Culberson County, Texas;
- (n) Undivided One-Half (1/2) interest in and to all oil, gas and minerals of every kind and character in, on and under the Property, together with all rights, privileges and immunities relating thereto, heretofore reserved or conveyed by predecessors in title, to Van Horn Irrigated Farms, Inc., in Volume 55, Page 166, Deed Records, Culberson County, Texas;
- (o) Undivided One-Half (1/2) interest in and to all oil, gas and minerals of every kind and character in, on and under the Property, together with all rights, privileges and immunities relating thereto, heretofore reserved or conveyed by predecessors in title, to Jed Becker and Kay Melinda Becker, in Volume 113, Page 373, Deed Records, Culberson County, Texas;
- (p) Claims by the Tigua Indian Tribe of the Ysleta del Sur Pueblo, as evidenced by that certain Affidavit concerning filing of Notice of Claim to the Ysleta Grant and Aboriginal Title Areas, executed by Art Senclair, Governor of the Ysleta del Sur Pueblo Indian Tribe, also known as the Tigua Indian Community, dated May 29, 2003, filed on June 23, 2003 in Volume 160, Page 571, of the Real Property Records, Culberson County, Texas;
- (q) Right of Way Easements to Rio Grande Electric Cooperative, recorded in Volume 138, Page 603; Volume 145, Page 142, Deed Records of Culbertson County, Texas;
- (r) Terms, conditions and stipulations of Historic Use Production Permit, dated June 17, 2013, recorded in Volume 192, Page 411, Real Property Records of Culberson County, Texas;
- (s) Terms, conditions and stipulations of Historic Use Production Permit, dated June 17, 2013, recorded in Volume 192, Page 438, Real Property Records of Culberson County, Texas; and
- (t) Terms, conditions and stipulations of Historic Use Production Permit, dated June 17, 2013, recorded in Volume 192, Page 428, Real Property Records of Culberson County, Texas.

TO HAVE AND TO HOLD the Property together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns to warrant and forever

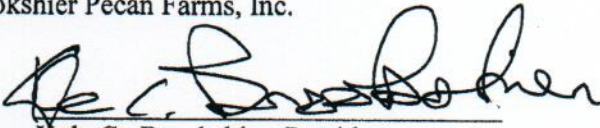
defend, all and singular, the said premises unto the said Grantee, its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations and exceptions referenced herein.

Except as expressly provided in that certain Purchase Agreement dated December 22, 2014 between Grantor, BVH Pecans Joint Venture, Lobo Pecans Joint Venture, and Eduardo Medina, as amended, this conveyance of the Property is further made "AS IS and WITH ALL FAULTS", and Grantor does not make, and Grantee does not rely upon, any express or implied warranties as to the quality, uses, benefits, conditions, lack of defects, value, or other matters of any kind relating to the Property [other than the warranty as to title], including without limitation the implied warranty of habitability, the implied warranty of suitability, the implied warranty of fitness for a particular purpose, the implied warranty of merchantability, and any warranties of any kind as to environmental, pollution, compaction, or soil conditions, all of which hereby are disclaimed and waived.

IT IS EXPRESSLY AGREED AND STIPULATED that a Vendor's Lien is retained against the Property, premises and improvements until the Promissory Note described under subparagraph (2) hereinabove and all interest thereon has been fully paid according to its face, tenor, effect and reading when this Deed shall become absolute. The said Vendor's Lien retained herein is hereby assigned and transferred to Capital Farm Credit, FLCA, its successors and assigns, without recourse on Grantor.

IN WITNESS WHEREOF this Warranty Deed is executed as of the 15th day of
May, 2015.

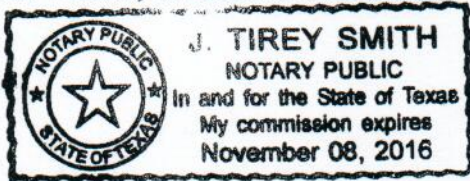
BROOKSHIER PECAN FARMS JOINT
VENTURE
By its joint venturer
Brookshier Pecan Farms, Inc.

By: 

Kyle C. Brookshier, President

STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before me this 15th day of May, 2015, by Kyle C. Brookshier, President of Brookshier Pecan Farms, Inc., joint venturer of Brookshier Pecan Farms Joint Venture, on behalf of such entities.





NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

AFTER RECORDING, RETURN TO:

PG# 3-Lobo, LLC
P.O. Box 1447
Bustrop TX 78602

**SURVEY NOTES OF A 287.9 ACRES
MORE OR LESS, TRACT OF LAND
BROOKSHIER PECAN FARM**

FIELD NOTES of 287.9 acres more or less, of land, being a portion of land out of section 228, SF#7195, and a portion of section 2, Block 2, Tex-Mex RR Co. Surveys, and a portion of sections 37, and 38, Block 5, H&TC RR Co. Surveys, Culberson County, Texas, and being more particularly described as follows.

Starting at a recovered iron and rock mound for the common corner of sections 32, 38, 39 and 40, Block 5, H&TC RR Co. Surveys, Culberson County, Texas; *THENCE*, S 88°10'14" W, at 1687.77 feet a found 2" galv. Iron pipe, a total distance of 1737.77 feet, to a recovered 1" iron pipe (vol. 177, page 173, Deed Records, Culberson County, Texas), in the westerly line of H&TC Railroad (Southern Pacific RR) ROW, (100' from centerline), marking the SE corner and *POINT OF BEGINNING* of this description;

THENCE, N 88°10'14" W, a distance of 893.39' feet to a recovered 1" iron pipe (vol. 177. Page 173 Deed Records of Culberson County, Texas) in the east ROW line of U.S. Hwy 90, marking the SW corner of this description;

THENCE, N 21°55'56" W, along said east ROW of Hwy 90, a distance of 10131.43 feet to a point in the east ROW line of U.S. Hwy 90, and southerly line of Chispas Road (County Road);

THENCE, along the southerly line of Chispas Road the following nine (9) courses:

N 64°01'22" E, 102.91 feet;

N 51°56'50" E, 153.61 feet;

N 49°37'18" E, 205.39 feet;

N 43°53'23" E, 329.52 feet;

N 46°26'41" E, 77.48 feet;

N 51°30'53" E, 113.87 feet;

N 55°12'21" E, 142.56 feet;

N 58°45'15" E, 282.20 feet;

N 62°36'40" E, 218.05 feet to a point, in the westerly line of Southern Pacific RR ROW being 100' from centerline of Rail Road) marking the NE corner of this description;

THENCE, S 18°01'45" E, along the westerly line of said Southern Pacific Railroad ROW, (running parallel 100' from centerline of said railroad), a distance of 10925.74 feet to the *POINT OF BEGINNING* and containing 287.9 acres of land more or less.

EXHIBIT A

0000071933

FILED FOR RECORD

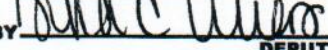
AT 1:30 O'CLOCK P. M.

ON THE 21st DAY OF May

A.D., 20 15.

Linda McDonald

COUNTY AND DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY  DEPUTY

STATE OF TEXAS
COUNTY OF CULBERSON

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume 202 and Page 825 of the News Records of Culberson County, Texas.



COUNTY AND DISTRICT
CLERK CULBERSON
COUNTY, TEXAS

0000000414

FILED FOR RECORD
AT 3:00 **O'CLOCK** P. **M.**

ON THE 28th **DAY OF** August

A.D., 2015

STATE OF TEXAS
COUNTY OF CULBERSON

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume 4082 and Page 19 of the Records of Culberson County, Texas.

Linda McDonald
COUNTY AND DISTRICT CLERK
CULBERSON COUNTY, TEXAS



COUNTY AND DISTRICT
CLERK CULBERSON
COUNTY, TEXAS

Linda McDonald
DEPUTY