

**SUMMARY APPRAISAL REPORT  
OF  
17,637.62 ACRE DEVIL'S RIVER RANCH  
VAL VERDE COUNTY, TEXAS**

**PREPARED FOR:**

**RODGER SANDERS  
5601 DEMOCRACY DRIVE  
SUITE 300  
PLANO, TEXAS 75024**

**AS OF:**

**FEBRUARY 16, 2010**

**PREPARED BY:**

**AARON BIERSCHWALE, ARA  
&  
PAUL BIERSCHWALE, ARA  
BIERSCHWALE APPRAISALS  
517 COLLEGE STREET  
JUNCTION, TEXAS 76849**

# BIERSCHWALE APPRAISALS

Paul Bierschwale, ARA

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March 17, 2010

Rodger Sanders  
5601 Democracy Drive  
Suite 300  
Plano, Texas 75024

RE: Summary Appraisal Report of a 17,637.62 acre ranch, known as the Devil's River Ranch, located approximately 30 miles north of Del Rio in Val Verde County, Texas.

Dear Mr. Sanders:

At your request, we have completed a real estate appraisal of the above referenced property, owned by the client and located in Val Verde County, Texas.

The purpose of the appraisal is to estimate the market value of the fee simple rights associated with the subject's surface estate subject to terms and conditions outlined in the conservation easements associated with the property. The function, or intended use, of the appraisal is in order to provide the client with a guide to value for use in property planning and/or as a tool utilized in ongoing negotiations between the client and the Texas Parks and Wildlife Department. The intended users of the report are Rodger Sanders, the Texas Parks and Wildlife Department, and anyone else designated by the client who would utilize the report for its stated function.

The following report contains data, analysis and conclusions leading to the final value estimate appearing below. This report has been completed in accordance with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation. As such, the appraisal procedures carried out were for a Complete Appraisal and a Summary Appraisal Report follows.

Based on a careful analysis of the subject property and all the factors affecting its current market value, limited by the Contingent and Limiting Conditions, it is our opinion that the market value of the 17,637.62 acre Devil's River Ranch, together with building improvements and subject to conservation easements, as of February 16, 2010 was approximately \$900 per acre, or, in rounded numbers:

**FIFTEEN MILLION EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**(\$15,875,000).**

Respectfully submitted,

Aaron Bierschwale, ARA  
Texas State Certified  
General R.E. Appraiser  
# TX-1337596-G

Respectfully submitted,

Paul Bierschwale, ARA  
Texas State Certified  
General R.E. Appraiser  
# TX-1320175-G

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## **A. SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

### **Ostensible Owner:**

The ostensible owner of the 17,637.62 acre Devil's River Ranch, as of February 16, 2010, was the Devil's River Ranch, LLC.

### **Estate Appraised**

The estate appraised is the fee simple interest in the surface estate of the 17,637.62 acre Devil's River Ranch subject to terms and conditions outlined in the conservation easements associated with the property.

### **Purpose of the Appraisal**

The purpose of the appraisal is to estimate the market value of the fee simple rights associated with the subject's surface estate subject to terms and conditions outlined in the conservation easements associated with the property.

### **Function of the Appraisal**

The function, or intended use, of the appraisal is in order to provide the client with a guide to value for use in property planning and/or as a tool utilized in ongoing negotiations between the client and the Texas Parks and Wildlife Department.

### **Present Use**

The subject property is currently utilized as a recreational tract in the form of hunting, water activities, and other general recreational uses associated with rural property in conjunction with moderate agricultural use in the form of livestock (horses).

### **Highest and Best Use**

Based on an analysis of the use to which other properties in the area are being put and for which a demand is present, the highest and best use for the subject property is considered to be as a combinational use tract for recreation and agricultural use along with potential complimentary/secondary usage as a rural residential property.

### **Property Inspection Date**

The subject property was physically inspected on August 11, 2009 and was inspected from airplane on February 16, 2010.

### **Effective Date of the Appraisal:**

The effective date of the appraisal is February 16, 2010

### **Estimated Marketing Time**

The estimated marketing time for the subject property is 12 – 18 months.

**Subject Property:**

The subject property consists of a 17,637.62 acre ranch property, along with building improvements, known as the Devil's River Ranch. Devil's River Ranch is located approximately 30 miles north of Del Rio in Val Verde County, Texas. The property is accessed via its County Road frontage, known locally as Blue Sage Road, approximately 8 miles off the west side of State Highway 277. The subject property consists of two primary land types including live water and native pasture acreage. Additionally, the property is encumbered with two conservation easements. The easements are identical and encompass the property's entire acreage.

**Improvements:**

The property is improved with a lodge, guest house, foreman's residence, horse barn, office/shop, equipment shed, two livestock shades, carport/storage, camp house, cabin, and paved runway. The improvements are collectively in average to good condition with average to good utility and are considered to offer considerable contributory value to the property's overall market appeal.

**Valuation Summary:**

Indicated value via the Cost Approach:	\$16,198,000
Indicated value via the Sales Comparison Approach:	\$15,874,000
Indicated value via the Income Approach:	\$ N/A

**Market value of 17,637.62 Ac. Devil's River Ranch @ \$900/AC ----- \$15,875,000 (R)**

## **B. CONTINGENT AND LIMITING CONDITIONS**

The legal description and size of the property are those furnished the appraiser by the client and are assumed to be correct. No responsibility for matters legal in character is assumed.

The title is good and merchantable. The property is appraised as though free and clear of encumbrances except utility easements, if any.

The property is appraised on the basis of fee simple title conveyance to the purchaser and full cash payment being received by the seller. It is recognized, however, that the purchaser will likely take advantage of the maximum available financing, and the effects of such financing upon the probable selling price have been considered.

Use of this appraisal is reserved to the named recipient and use of portions excerpted from the complete report is prohibited.

The appraiser is not required to give testimony or attendance in any court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.

The data contained in this report, and upon which this appraisal is based, was gathered from reliable sources and is believed to be authentic, but no responsibility is assumed for the results of actions by anyone based on such information. All information, comments and conclusions relative to the subject and other properties are the opinion of the appraiser after personal inspection of the properties concerned was made.

A valuation relating to a fractional interest plus value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.

This appraisal was obtained from Aaron & Paul Bierschwale and consists of 'trade secrets and commercial or financial information' which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Please notify Aaron or Paul Bierschwale of any request of reproduction of this appraisal.

This report has been completed in accordance with a request from Rodger Sanders, owner of Devil's River Ranch, LLC. As such, the client and known intended users of this appraisal report are Rodger Sanders, the Texas Parks and Wildlife Department, and anyone else designated by the client who would utilize the report for its stated function. The function, or intended use, of the appraisal is in order to provide the client with a guide to value for use in property planning and/or as a tool utilized in ongoing negotiations between the client and the Texas Parks and Wildlife Department.

## II. FACTUAL DATA

### A. DEFINITION OF MARKET VALUE

The purpose of this appraisal report is to arrive at the *Market Value* of the subject property. The definitions adhered to in this appraisal report with regard to Market Value can be seen below.

Market Value is defined by The Dictionary of Real Estate Appraisal, Fourth Edition, published by the Appraisal Institute as: *The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale; with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.*

In addition, Market Value is defined in the USPAP 2007 Edition by the Appraisal Foundation as: *"A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership, or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal."*

### B. SCOPE OF THE APPRAISAL

The scope of the appraisal included collection and analysis of approximately 40 sales in Val Verde County conveying from 2003 to current. Those sales considered pertinent in the analysis of the subject property were confirmed and inspected either from the ground or by an aerial inspection. Those sales considered most comparable to the subject property are included in the body of this report. Those sales collected that were not considered directly comparable to the subject, and which are not included in this report, were considered valuable as a tool to determine adjustment categories and amounts. In addition to the sales collected, knowledgeable individuals in the area were interviewed in order to identify local real estate trends and characteristics affecting the property appraised. The appraisers are confident that all meaningful market data has been collected and that there are no pertinent sales of which they are not aware.

Aaron Bierschwale performed the physical inspection along with James King, the property's real estate agent, and Roy Hurley, the ranch foreman, on February 16, 2010. The physical inspection lasted for approximately 6 hours during which the property's primary land characteristics were viewed, building improvements were measured, and representative photographs were taken of the land and improvements.

Aaron Bierschwale was accompanied on his aerial inspection by James King at the completion of the physical inspection. The appraiser was given an aerial tour of the property via helicopter piloted by Michael Luigs. During the aerial inspection the entire property was viewed along with the surrounding area and representative photographs of the subject property were taken.

Aaron and Paul Bierschwale performed an aerial inspection of the subject property and pertinent comparable sales on February 28, 2010.

Detailed inspections and analysis of the subject property have been completed by the appraisers and all analysis and work required for a complete appraisal of the property has been carried out. As such, a complete appraisal of the property was performed and the report form is a summary report. The appraisers represent to the client that adequate, meaningful data is available and appropriate analysis and application of accepted appraisal procedures have been carried out in order to produce credible results.

### **C. ESTATE APPRAISED**

The estate appraised is the fee simple interest in the surface estate of the 17,637.62 acre Devil's River Ranch subject to terms and conditions outlined in the conservation easements associated with the property.

A fee simple estate is defined as:

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>*

### **D. PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to estimate the market value of the fee simple rights associated with the subject's surface estate subject to terms and conditions outlined in the conservation easements associated with the property.

### **E. FUNCTION OF THE APPRAISAL**

The function, or intended use, of the appraisal is in order to provide the client with a guide to value for use in property planning and/or as a tool utilized in ongoing negotiations between the client and the Texas Parks and Wildlife Department.

### **F. EFFECTIVE DATE OF THE APPRAISAL**

The effective date of the appraisal is February 16, 2010.

### **G. DATE OF PROPERTY INSPECTION**

The subject property was inspected on the ground and from the air on February 16, 2010 by Aaron Bierschwale. Aaron and Paul Bierschwale performed an aerial inspection of the subject and pertinent comparable sales on February 28, 2010.

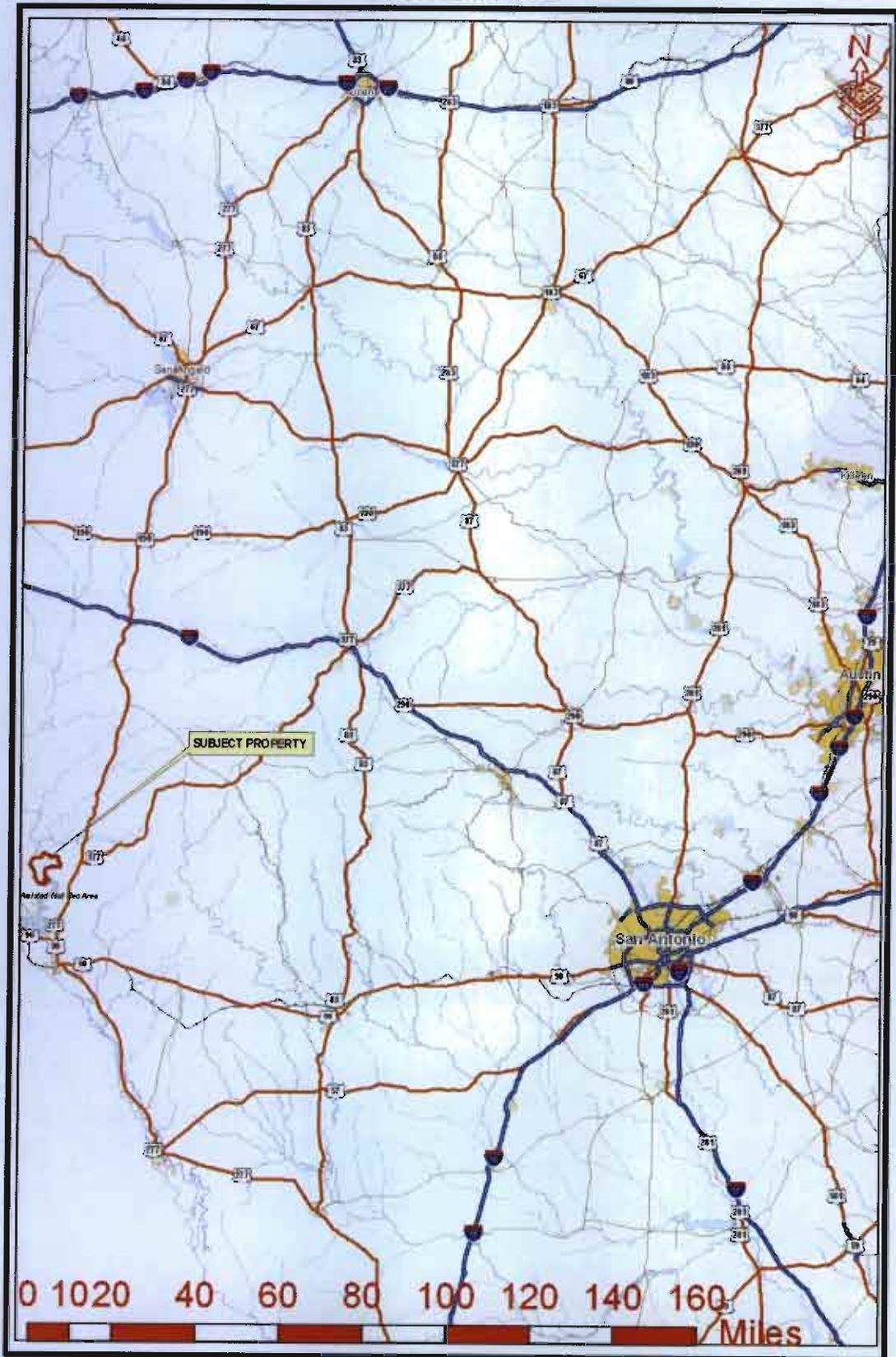
## **H. COMPETENCY STATEMENT**

Paul Bierschwale has been involved in real estate appraisal for over 30 years. He has taken courses in real estate appraisal from Texas A&M University at the undergraduate and graduate levels, the Appraisal Institute, and the American Society of Farm Managers and Rural Appraisers. He has taught numerous courses for the American Society of Farm Managers pertaining to appraisal and served as National President of that organization. The appraiser has made appraisals for private land owners and governmental agencies for purposes ranging from facilitating with a sale to establishing partitions to condemnations and state and federal tax appeals. Assignments have included rural farm and ranch properties, commercial, residential and special use tracts. The appraiser is currently a State Certified General Real Estate Appraiser in the State of Texas and has held temporary licenses in several surrounding states when performing out of State work. Paul Bierschwale carries the ARA designation which pertains to expertise in rural appraisal.

Aaron Bierschwale has been involved in the appraisal of real property as a profession since 2001. The appraiser has taken courses in real estate appraisal from Texas A&M University at the undergraduate level, the Appraisal Institute, the American Society of Farm Managers and Rural Appraisers, The National Association of Independent Fee Appraisers, and the American Society of Appraisers. The appraiser has made appraisals for private land owners and governmental agencies for purposes ranging from facilitating with a sale to establishing partitions to condemnations and state and federal tax appeals. Assignments have included rural farm and ranch properties, commercial, residential and special use tracts. The appraiser is currently a State Certified General Real Estate Appraiser in the State of Texas and has held temporary licenses in several surrounding states when performing out of State work. Aaron Bierschwale carries the ARA designation which pertains to expertise in rural appraisal.

The appraisers both have a history of working all over the State of Texas and combine to have performed appraisals in the States of Arizona, Colorado, New Mexico, Oklahoma, Kansas, Missouri, Louisiana, New York, and Georgia.

# LOCATION MAP



## **J. AREA AND NEIGHBORHOOD ANALYSIS**

The subject property consists of a 17,637.62 acre ranch property, along with building improvements, known as the Devil's River Ranch. Devil's River Ranch is located approximately 30 miles north of Del Rio in Val Verde County, Texas.

Val Verde County is in the southwest portion of Texas and is bound by Terrell County to the west, Crockett and Sutton Counties to the north, and Edwards and Kinney Counties to the east. Del Rio, the county seat is located in the southeast portion of the county, along the Rio Grande River which forms the international boundary between the United States and Mexico. Other small settlements in the County include Comstock, Langtry and Pandale.

The population of Val Verde County, according to the 2000 census, was 44,856, with an estimated 48,053 in 2008. Del Rio holds the major portion of the county's population, with 33,867 in the 2000 Census, or about 83% of the County. An additional 2,592 residents occupy Laughlin Air Force Base, located on the eastern edge of Del Rio. Comstock has historically contained a population of about 400, with the balance of the county's residents living in rural areas. Lake Amistad, built by the U.S. Army Corps of Engineers in the 1960's is home to a number of permanent residents, with a large influx of recreational users on weekends and holidays.

Val Verde County is one of the largest counties in Texas, encompassing 3,232.6 square miles, or over 2 million acres. The county is mostly rural, with the only concentrated development outside the towns and communities being around Lake Amistad. General soils in the county are made up of three groups. Eighty-three percent of the county is covered by soils that were formed from materials weathered from limestone and are generally shallow in nature. These soils are suitable for native rangeland and provide good wildlife and livestock grazing. Soils along the rivers and drainage ways were formed in old alluvium over caliche and limy earth. These soils range from shallow to very shallow and are suitable for wildlife and improved pastures. About 8% of the county is made up of soils that were formed in recent alluvium. These soils are deep and nearly level and occur in small areas along the river and draws in the county. These soils are the most desirable soil type, from an agricultural standpoint and are well suited for livestock, wildlife habitat and specialty crops. Very little of the county is actually cultivated, with most areas of cultivation being utilized for supplemental small grains for livestock and deer forage.

The elevation ranges from about 900 feet above MSL in the south part of the county, to 2,350 feet in the north part. The climate is semi-arid, with average rainfall of about 16.88 inches. Temperatures range from an average high of 98° F in July to an average low of 38° in January, though records of 119° and 7° are recorded. The average growing season lasts approximately 300 days, from mid February to early December.

The county contains a good network of paved public roadways: U.S. Highway 90 runs east and west through the county, providing access to San Antonio and El Paso and smaller communities in between. U.S. Highways 277 and 377 run north to Sonora and Rocksprings, respectively, and 277 runs south to Eagle Pass, with 377 terminating in Del Rio. State Highways 1024, 163, 189 and 2523 provide a network of paved road access to most general areas of the county, with caliche and gravel roads running to the more remote ranching areas.

The county's economy is primarily based on military, retail, agriculture, recreation and tourism. Amistad Lake is a popular area attraction, with many fisherman, sightseers and

water enthusiasts coming from all parts of Texas to enjoy recreation on the 67,000 acre body of water. The county's location with respect to Mexico also attracts tourists who continue on to the neighbor to the south. Recent years has seen an increase in the importance of Maquiladora Plants in Ciudad Acuna, located immediately across the Rio Grande from Del Rio. Agricultural production includes beef cattle, sheep and goats, with a much stronger emphasis on white tail deer in recent years. Many visitors, who originally visit the county for recreation or tourism, return and purchase property in the area, with the real estate market also being an important part of the economy. Absentee buyers either purchase smaller ranches for hunting and other outdoor recreation, or acquire weekend residences on Lake Amistad.

Historically, Val Verde County has followed the same cycles for rural properties as the rest of the State of Texas, with a rapidly appreciating land market in the late 1970's through 1984 and a severe decline in values in 1985 through 1990. The early 1990's saw a leveling of values and a slow rate of increase began, escalating in intensity in the later 1990's. Properties in the area have appreciated at 10% to 25% rates of increase from the early 2000's until the national economic downturn experienced in September 2008. In hindsight, real estate prices appear to have stabilized in early 2008. The number of sales transactions of large properties in the area has virtually vanished since the end of 2008 with most transactions involving smaller acreage tracts at the current time. This is similar to what other areas of the state are experiencing. However, in the hill country, when sales do occur, prices have remained at or near similar per acre levels as experienced during the early 2008 time frame. While, at a minimum, it should be expected for marketing periods to be longer there is not sufficient evidence to suggest that market values in the subject's area have decreased from early 2008 to the date of the appraisal.

In summary, the economic conditions of Val Verde County are considered comparable with respect to the entire state of Texas. Agricultural production will continue to be an important factor in the area economy; however most current buyers are utilizing the property for agricultural as a secondary use with rural recreation being the primary use of properties in the area. The current strength in the market is expected to continue for the foreseeable future as the economy of Texas is strong and a high demand for rural recreational tracts exist though out the state. Water recreation will continue to attract buyers to the area for properties with live water frontage and ready vehicular access to metropolitan areas of the state.

#### **K. PROPERTY DATA**

**1. History** – The majority of the subject property, 16,655.987 acres, was purchased by Devil's River Ranch, LLC from The Nature Conservancy on December 27, 2001 for \$5,089,000. This transaction is recorded by deed in volume 796 page 109 at the Val Verde County Clerk's office. This portion of the property conveyed with a conservation easement in place.

The remaining 981.633 acres were purchased by Devil's River Ranch, LLC from The Nature Conservancy on August 14, 2006 for \$279,765. This transaction is recorded by deed in volume 796 page 109 at the Val Verde County Clerk's office. This portion of the property conveyed with an identical Conservation Easement, to that on the original purchase, in place.

**2. Legal Description** - A complete legal description of the subject property is included in the Addenda of this report.

**3. Taxes** – The subject property is carried on the tax rolls at the Val Verde County Appraisal District. The initial purchase is shown under the ownership of Devil's River Ranch, LLC, however; the CAD records have not yet updated to show the second transaction. Additionally, the subject's main building improvements are not shown on the CAD records. The grid on the following page indicates the current tax records as maintained by the CAD concerning the subject property. It should be noted that the tax burden will increase significantly should the CAD pick up the newer building improvements and additional acreage. The subject property is carried as 43 parcels at the Val Verde County Appraisal District. It is carried on the tax rolls as being 16,662.882 acres.

The subject's assessed value is \$329,810 and its market value is carried as \$1,915,910. The total Val Verde County taxes for 2009 are shown as \$5,849.23.

Devil's River Ranch 2009 Taxes - Val Verde County Appraisal District						
Parcel #	Acres	Land \$	Imp. \$	Ag \$	Assessment	2009 Taxes
11895	45.601	\$ 5,590.00	\$ -	\$ -	\$ 5,590.00	\$ 99.14
12762	75.161	\$ 8,720.00	\$ -	\$ 1,250.00	\$ 1,250.00	\$ 22.17
12764	666.258	\$ 78,720.00	\$ -	\$ 11,060.00	\$ 11,060.00	\$ 196.15
12765	623.679	\$ 65,410.00	\$ -	\$ 10,360.00	\$ 10,360.00	\$ 183.74
12791	618.315	\$ 71,070.00	\$ 3,520.00	\$ 7,410.00	\$ 10,930.00	\$ 193.85
12792	1.000	\$ 25,960.00	\$ 28,910.00	\$ 20.00	\$ 28,930.00	\$ 513.08
16818	634.143	\$ 68,530.00	\$ -	\$ 10,530.00	\$ 10,530.00	\$ 186.75
16823	718.596	\$ 74,960.00	\$ -	\$ 11,880.00	\$ 11,880.00	\$ 210.69
16876	672.286	\$ 66,370.00	\$ -	\$ 11,160.00	\$ 11,160.00	\$ 197.92
16878	652.529	\$ 69,550.00	\$ -	\$ 10,840.00	\$ 10,840.00	\$ 192.25
16920	690.795	\$ 58,720.00	\$ -	\$ 11,470.00	\$ 11,470.00	\$ 203.42
16924	451.039	\$ 48,080.00	\$ -	\$ 7,490.00	\$ 7,490.00	\$ 132.84
16929	132.037	\$ 11,880.00	\$ -	\$ 2,190.00	\$ 2,190.00	\$ 38.84
17000	680.218	\$ 70,430.00	\$ -	\$ 11,300.00	\$ 11,300.00	\$ 200.41
17194	1.000	\$ 15,780.00	\$ 15,700.00	\$ 20.00	\$ 15,720.00	\$ 278.80
17264	95.473	\$ 8,120.00	\$ -	\$ 1,590.00	\$ 1,590.00	\$ 28.20
17388	1.000	\$ 120.00	\$ 3,710.00	\$ 20.00	\$ 3,730.00	\$ 66.15
17582	710.913	\$ 60,430.00	\$ -	\$ 11,800.00	\$ 11,800.00	\$ 209.27
17584	672.788	\$ 70,750.00	\$ -	\$ 11,170.00	\$ 11,170.00	\$ 198.10
17603	1.113	\$ 110.00	\$ -	\$ 20.00	\$ 20.00	\$ 0.35
17688	91.890	\$ 11,060.00	\$ -	\$ 1,530.00	\$ 1,530.00	\$ 27.13
17697	529.803	\$ 68,410.00	\$ -	\$ 8,540.00	\$ 8,540.00	\$ 151.46
18136	249.304	\$ 21,190.00	\$ -	\$ 4,140.00	\$ 4,140.00	\$ 73.42
18159	500.230	\$ 59,350.00	\$ -	\$ 8,220.00	\$ 8,220.00	\$ 145.78
18162	132.773	\$ 11,950.00	\$ -	\$ 2,200.00	\$ 2,200.00	\$ 39.02
18163	323.792	\$ 35,790.00	\$ -	\$ 5,280.00	\$ 5,280.00	\$ 93.64
18164	458.634	\$ 49,560.00	\$ -	\$ 7,530.00	\$ 7,530.00	\$ 133.55
18167	605.352	\$ 72,640.00	\$ -	\$ 10,050.00	\$ 10,050.00	\$ 178.24
18839	631.232	\$ 69,740.00	\$ -	\$ 10,480.00	\$ 10,480.00	\$ 185.86
18952	311.147	\$ 32,520.00	\$ -	\$ 5,170.00	\$ 5,170.00	\$ 91.69
18991	655.528	\$ 70,170.00	\$ -	\$ 10,880.00	\$ 10,880.00	\$ 192.96
19179	598.495	\$ 63,470.00	\$ -	\$ 9,940.00	\$ 9,940.00	\$ 176.29
19191	48.097	\$ 5,350.00	\$ -	\$ 800.00	\$ 800.00	\$ 14.19
19192	97.656	\$ 9,960.00	\$ -	\$ 1,620.00	\$ 1,620.00	\$ 28.73
19193	44.396	\$ 5,330.00	\$ -	\$ 740.00	\$ 740.00	\$ 13.12
42262	575.735	\$ 58,720.00	\$ -	\$ 9,560.00	\$ 9,560.00	\$ 169.55
42263	897.944	\$ 76,330.00	\$ -	\$ 14,910.00	\$ 14,910.00	\$ 264.43
42264	671.210	\$ 144,310.00	\$ -	\$ 11,140.00	\$ 11,140.00	\$ 197.57
56176	145.904	\$ 14,880.00	\$ -	\$ 2,420.00	\$ 2,420.00	\$ 42.92
56168	573.464	\$ 61,900.00	\$ -	\$ 9,410.00	\$ 9,410.00	\$ 166.89
56170	4.519	\$ 460.00	\$ -	\$ 80.00	\$ 80.00	\$ 1.42
56171	364.940	\$ 40,850.00	\$ -	\$ 6,050.00	\$ 6,050.00	\$ 107.30
57215	6.893	\$ 830.00	\$ -	\$ 110.00	\$ 110.00	\$ 1.95
<b>Totals</b>	<b>16,662.882</b>	<b>1,864,070.000</b>	<b>51,840.000</b>	<b>272,380.000</b>	<b>329,810.000</b>	<b>5,849.230</b>

Values as carried by central appraisal districts across the state are not typically indicative of the property's market value. As such, the values carried by Val Verde County for the Devil's River Ranch received no consideration in this appraisal.

**4. Use and Occupancy** - The subject property is currently utilized as a recreational tract in the form of hunting, water activities, and other general recreational uses associated with rural property in conjunction with moderate agricultural use in the form of livestock (horses).

#### **L. ENVIRONMENTAL HAZARDS**

Aaron Bierschwale did not notice any hazardous waste materials during the physical or initial aerial inspections, nor were any noticed during the second aerial inspection along with Paul Bierschwale. However, the appraisers claim no particular expertise in this area. No detriment to value, due to hazardous waste, is suspected or applied to the estimate of value.

Additionally the appraisers have relied on conversations with the land owner which revealed that there were no known environmental hazards. The appraisers have relied on these representations.

#### **M. ENDANGERED SPECIES**

Aaron Bierschwale did not notice any endangered species during the physical or initial aerial inspections, nor were any noticed during the second aerial inspection along with Paul Bierschwale. However, the appraisers claim no particular expertise in recognizing threatened or endangered species.

#### **N. FLOOD PLAIN**

Areas located along the subject's Devil's River frontage are within the flood zone along with natural drainage ways along the various deep canyons located on the subject. This is typical of properties located along permanent and seasonal waterways and is not considered to be a detriment to value.

### III. ANALYSIS

#### A. HIGHEST AND BEST USE

Highest and Best Use is defined as the "reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability".<sup>1</sup>

Based on an analysis of the use to which other properties in the area are being put and for which a demand is present, the highest and best use for the subject property is considered to be as a combinational use tract for recreation and agricultural use along with potential complimentary/secondary usage as a rural residential property.

#### B. APPRAISAL PROCESS

The process of valuation includes three approaches to an estimate of market value, namely: Cost, Income and Direct Sales Comparison Approaches. The approaches are based upon direct and indirect comparisons of the market experiences. Each of the approaches gives a separate indication of value.

The Sales Comparison Approach is a direct comparison of known market transactions of similar properties. When sufficient information is available in order to make a unit comparison, a supportable indication of the property value can be obtained.

The Cost Approach is based upon the cost or cash outlay to reproduce an improvement less appropriate allowance for depreciation plus the estimate of land value.

The Income Approach is based upon known or projected earnings experience and proper deductions for expenses. The net income can be capitalized into an indication of value by the usage of demonstrated rates found in the market. This approach to value is closely associated with income or investment properties since the Principle of Contribution and Principle of Substitution affirm that an investor would pay no more for this type property than he could purchase a substitute income property.

Once a conclusion has been drawn from each approach to value, the three estimates by their individual approaches are correlated into a reasonable estimate as to the market value for the property being appraised.

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<sup>1</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 3<sup>rd</sup> Edition, 1993.

## IV. APPRAISAL OF THE PROPERTY

### A. DESCRIPTION OF THE PROPERTY (LAND)

The subject property consists of a 17,637.62 acre ranch property, along with building improvements, known as the Devil's River Ranch. Devil's River Ranch is located approximately 30 miles north of Del Rio in Val Verde County, Texas. The property is accessed via its County Road frontage, known locally as Blue Sage Road, approximately 8 miles off the west side of State Highway 277. The subject property consists of two primary land types including live water and native pasture acreage. Additionally, the property is encumbered with two conservation easements. The easements are identical and encompass the property's entire acreage.

This property has an irregular configuration and is a combination of open and wooded bottomland and open and wooded native pasture. The subject property is appraised as having approximately 7,820 acres of Class I Live Water influenced acreage. The Class I Live Water influenced acreage is estimated based on a 1 ½ mile buffer out from the property's Devil's River frontage. The remainder of the property, 9,817.62 acres, is considered to be Class I Native Pasture influenced acreage and is appraised as such.

The subject property has approximately 10 miles of frontage along the east bank of the Devil's River and upper reaches of Lake Amistad. The Devil's River is an extremely attractive water feature in that it is a very clear river with unique water coloration and solid rock river bed with areas of deep crevices. The subject's water frontage has an array of various types including rapids, large deep pools, and shallow wadding pools providing for various types of recreational activities including swimming, fishing, and tubing/kayaking. The subject's Devil's River frontage is considered to add a high level of appeal to potential buyers for recreational usage.

The subject property's topography is rolling to steep/hilly with a range of 1,200 feet above sea level, along its Devil's River frontage and in its various canyons, up to 1,700 feet above sea level on top of the mountains in the eastern region of the property. This topography provides for sheer rock bluffs throughout its acreage with several of the sheer rock bluffs having pictographs in/on them. The pictographs, in essence, are Indian rock art that is commonly found throughout the Val Verde County area. The pictographs located throughout the county are in various states of condition due to abuse from weather, land owners, and travelers over the years. Those located on the subject property are considered to be in a relatively good state of condition due to the protection provided by the rock overhangs from the weather and care taken by land owner and guests to help preserve them. The subject's topography provides for additional recreational appeal for use in hiking, biking, and sight seeing which is considered to add additional appeal to potential buyers for recreational usage.

Wooded areas include oak, cedar, and mesquite trees along with under brush/shrubs native to the area. The property has not been actively utilized for live stock production in approximately 15 years which has resulted in the property's native range being well rested and in good condition on the dates of the inspections. Active brush management control has been practiced by the current and previous land owners which have resulted in a visually appealing property that is in good condition.

The well rested state of the subject's native range, along with an intensive game management program, has resulted in a quality native deer herd that is somewhat unique to the area. Typically, ranches in the greater area have relied on deer proof fencing and outside genetics, predominantly out of State or south Texas bucks and does, for

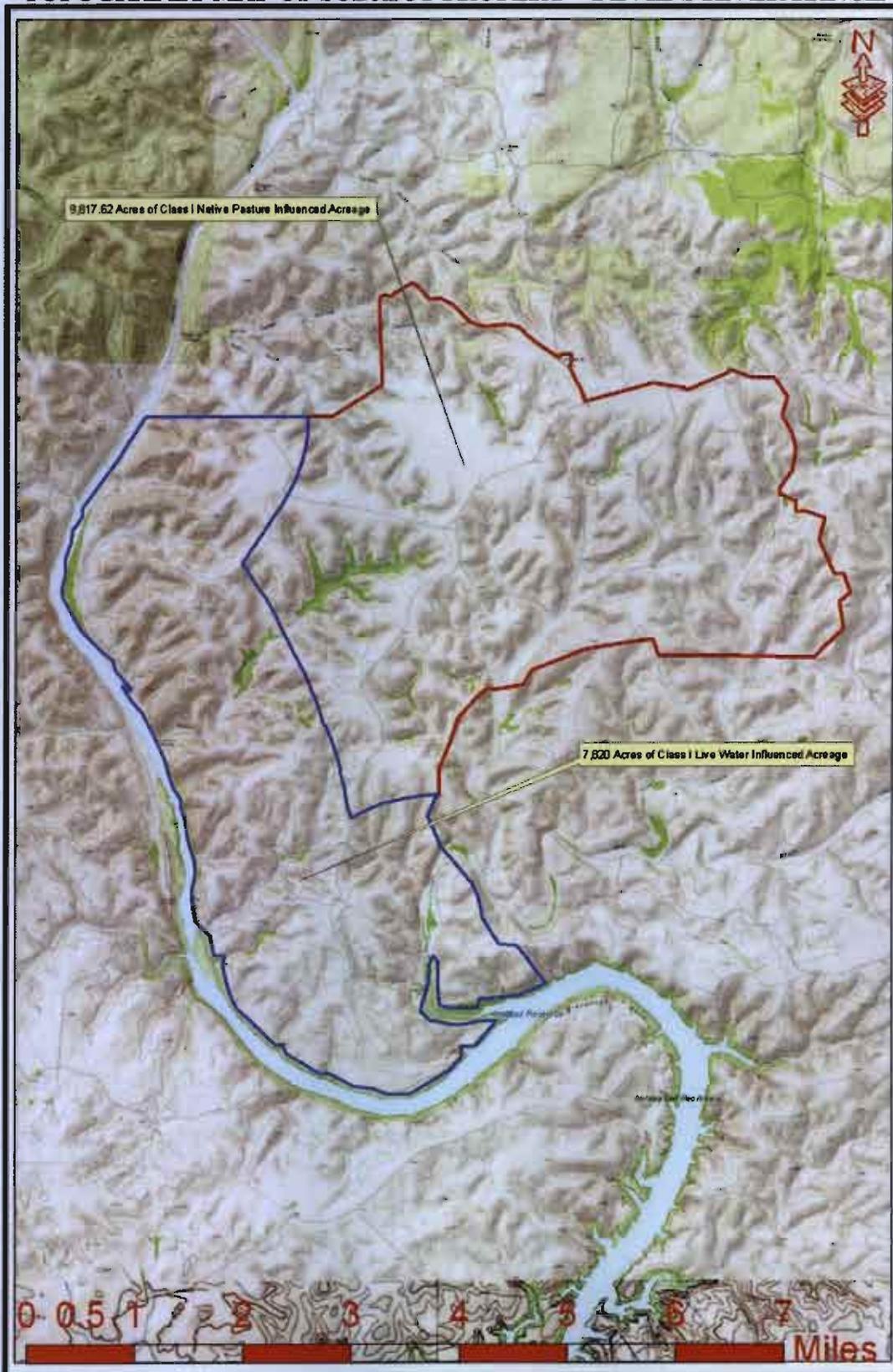
enhancing their deer herds. The subject property has relied heavily on game management practices for approximately 8 years in an effort to enhance their native White Tail deer herd. The management program has been a great success with bucks in the 190" BC class being taken last year. Other wild game representing hunting opportunities include Audad, quail, dove, and duck. The various species typically targeted for recreational hunting, especially the quality White Tail deer herd, provide for additional market appeal to buyers for use as a recreational hunting property.

The subject property has approximately 30 miles of well maintained caliche base interior roads which render virtually the entire property as being accessible by vehicle. This is somewhat unique to the area as most ranches in the area, sharing similar topographical characteristics to the subject, have limited interior access due to a poor system of interior roads. The subject's interior road network has been well thought out and provides for additional appeal to potential buyers.

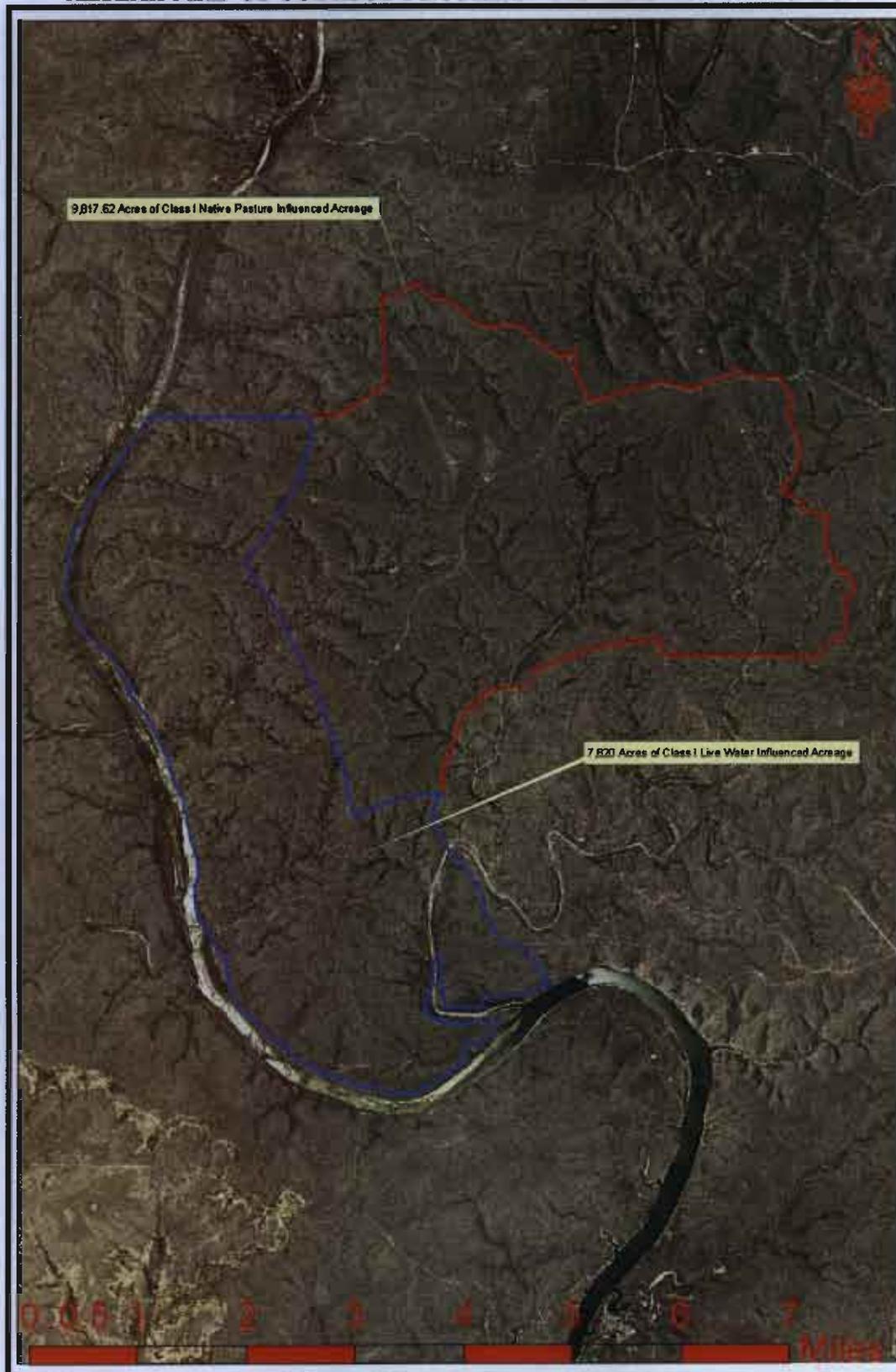
Domestic and wild game water is provided by 5 water wells equipped with submersible pumps, 1 solar powered water well, 3 windmill powered water wells, and 6 cisterns. Water is available throughout the property via its system of above and below ground water pipeline. Domestic and wild game water availability is considered to be strong for the area and is considered to provide additional appeal to the subject property.

In summary, the subject's land characteristics, due in large part to its extensive Devil's River frontage and enhanced land features, are considered to render the property as one which is in the top end of properties located in the area.

**TOPOGRAPHY MAP OF SUBJECT PROPERTY—DEVIL'S RIVER RANCH**



# AERIAL MAP OF SUBJECT PROPERTY—DEVIL'S RIVER RANCH



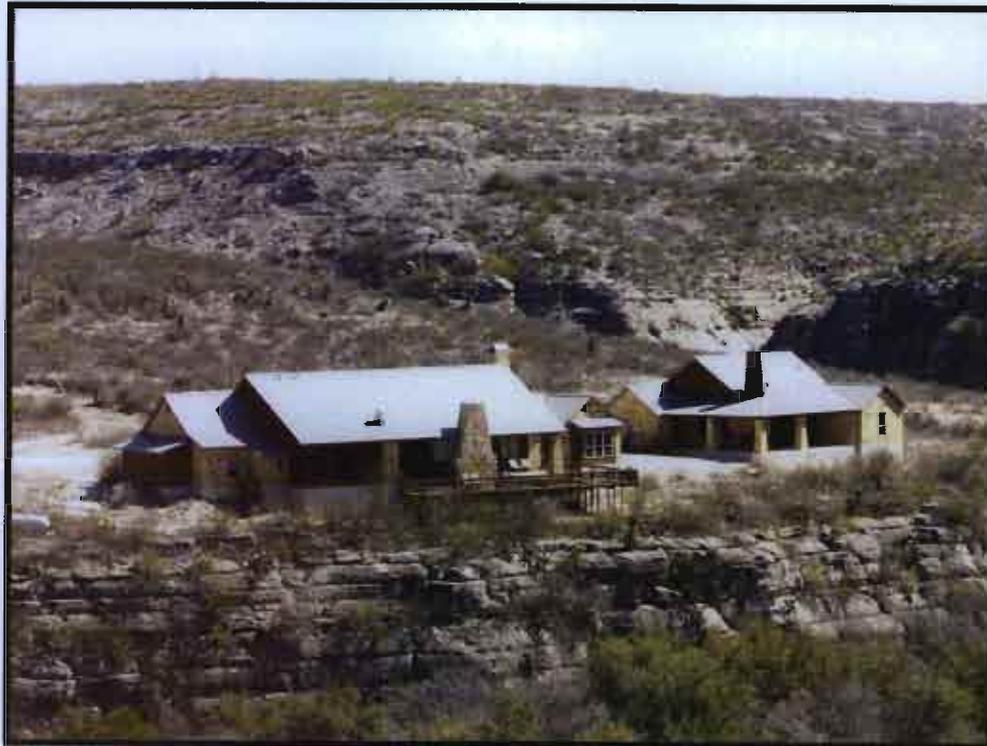
#### **D. DESCRIPTION OF THE PROPERTY (IMPROVEMENTS)**

The property is improved with a lodge complex. The main lodge is 3,972 sf with a 4 bedroom 4 ½ bathroom floor plan including a large great room and kitchen. The main lodge is finished out with high end quality construction materials and appliances including rock exterior, metal roofing, tile flooring, granite counter tops, tile wainscoting, adjustable lighting, and a custom rock fireplace. Additionally, there is an approximately 1,500 sf of covered and open area overlooking the Devil's River. The covered area includes a built in cooking station, custom rock fireplace, ceiling fans, and adjustable lighting which is basically utilized as an outdoor room. The main lodge is considered to be in good condition with good utility and to have an effective age of 5 years.

Located just south of the main lodge is the quest house. The guest house is basically of the same construction type and quality as that of the main lodge and is 2,164 sf with a 3 bedroom 2 bathroom floor plan. One of the bedrooms is bunk room style with an attached double shower bathroom with a urinal, toilet, and double sinks. The remaining two bedrooms share a bathroom. There is a large covered porch overlooking the Devil's River off the west side of the guest house. The guest house is considered to be in good condition with good utility and to have an effective age of 5 years.

Also located in the main lodge complex is a 1,056 sf covered carport including 215 sf of enclosed storage room. The carport has concrete flooring, metal roofing, and electricity. The carport/storage facility is considered to be in good condition with good utility and to have an effective age of 5 years.

The picture below is an aerial view of the property's main lodge complex taken from helicopter during the aerial inspection of the property. Individual pictures of improvements can be seen in the Addenda.



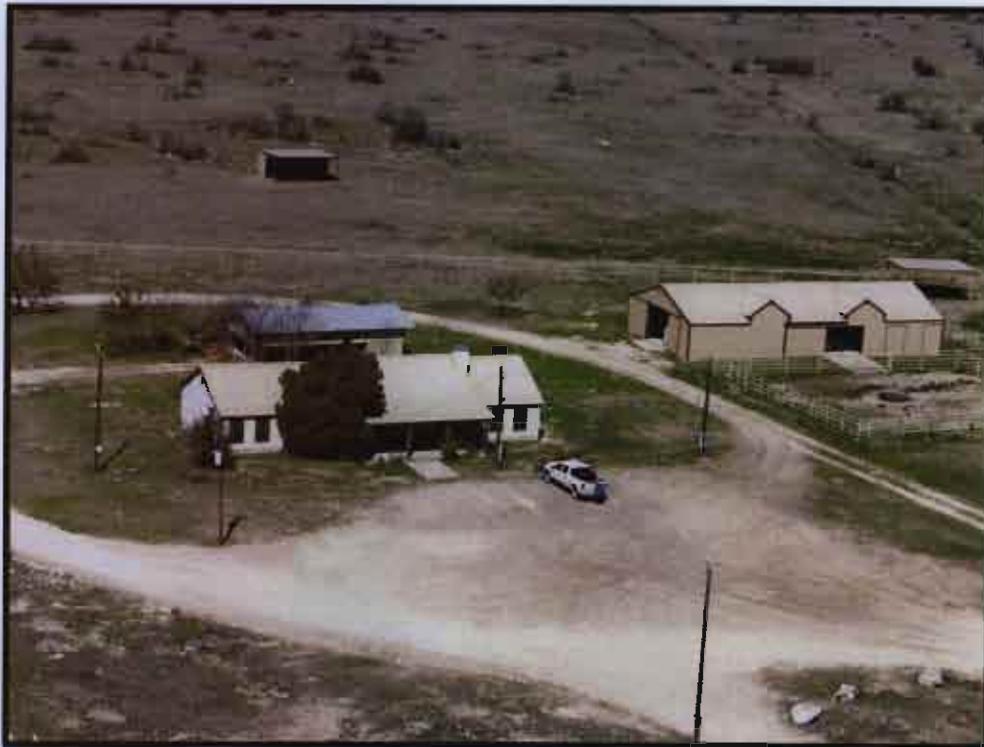
The foreman's residence is 2,500 sf with a 5 bedroom 3 bath floor plan, slab foundation, stucco exterior walls, metal roofing, carpet and tile flooring, a custom fireplace, and a 295 sf covered porch. The foreman's residence is of typical construction type and quality and is considered to be in good condition with good utility and to have an effective age of 6 years.

Located immediately north of the foreman's residence is a 466 sf office/shop building with an attached 394 sf of covered slab that can be utilized as a carport or for equipment storage. The structure has wood framing, wood walls, metal roofing, and electricity. The office/shop building is considered to be in average condition with average utility and to have an effective age of 20 years.

Located just east of the foreman's residence is a 3,200 sf horse barn. The horse barn is constructed of metal framing, slab flooring, metal siding and roofing, and has 8 horse stalls and a 480 sf tack room. The horse barn is considered to be in good condition with good utility and to have an effective age of 5 years.

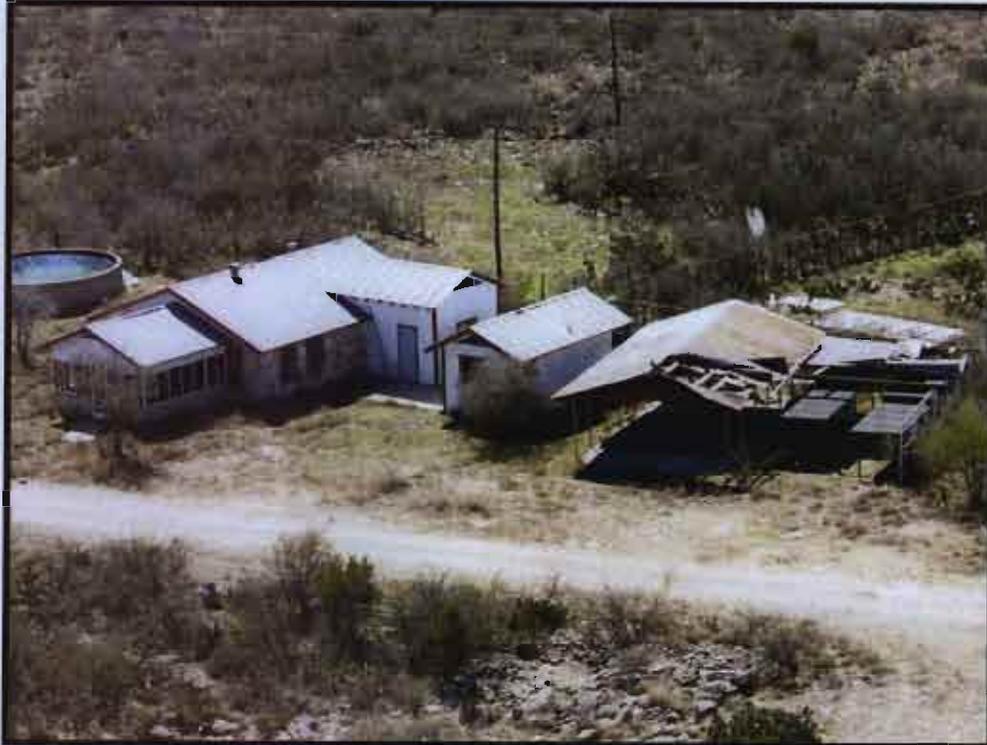
Additional improvements located near the foreman's residence include two livestock shades utilized for horses. Each of the shades is metal construction with dirt flooring and metal roofing. They are considered to be in good condition with average utility and to have an effective age of 2 years.

The picture below is an aerial view of the property's foreman's residence and surrounding building improvements taken from helicopter during the aerial inspection of the property. Individual pictures of improvements can be seen in the Addenda.



The subject's cabin is located just south of the main road between the foreman's residence and the lodge complex. The cabin is a total of 1,069 sf consisting of 869 sf of main area including the bedrooms, bathroom, and kitchen, and a detached 200 sf laundry/storage room. The cabin is rock construction with metal roofing and concrete floors. The cabin is considered to be in fair condition with fair utility and to have an effective age of 25 years.

The picture below is an aerial view of the property's cabin taken from helicopter during the aerial inspection of the property. Individual pictures of improvements can be seen in the Addenda.



Located west of the foreman's residence is the equipment shed and paved runway. The equipment shed is 1,908 sf including 1,800 sf of shed of metal frame construction with concrete flooring and metal roofing and an adjoining 108 sf bathroom and tool storage building. The adjoining building has concrete flooring, wood walls, and composition shingle roofing. The equipment shed and adjoining bathroom and tool storage building are considered to be in average condition with average utility and to have an effective age of 20 years.

Located immediately west of the equipment shed is a 4,200' long paved runway. The perimeter around the runway is deer proof fenced. The runway has been neglected for a number of years resulting in areas of potholes and loose paving but is still considered to be functional with potential for improvement with fresh paving.

The picture on the following page is an aerial view of the property's equipment shed and paved runway taken from helicopter during the aerial inspection of the property. Individual pictures of improvements can be seen in the Addenda.



Located along the northern reaches of the subject's Devil's River frontage is an 873 sf camp house consisting of a two story wood frame structure with concrete and wood flooring, wood and screened walls, and metal roofing along with a 205 sf detached bathroom and kitchen facility. The camp house is considered to be in fair condition with fair utility and to have an effective age of 25 years.

In summary, the package offered by the subject property is considered to be in the upper end of accommodations offered by similar ranches in the area. The subject's recreational based improvements consist of the better quality and more valuable improvements with the foreman's residence, paved runway, and horse barn also contributing substantially to the property's overall market value. The property's remaining improvements are collectively in fair to average condition but do provide some level of contributory value for use to potential buyers.

#### **SUMMARY WHOLE PROPERTY**

The subject property's land and accompanying improvement accommodations provide for an impressive package in the area real estate market. The land characteristics, specifically its topography and Devil's River frontage, render it as a ranch with high market appeal for both recreational and agricultural buyers with the improvements providing for upper end accommodations in the area market. The property is one which would be well received at or near the appraised value.

## **E. HIGHEST AND BEST USE**

Real estate is valued in terms of its highest and best use, which is defined as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability". (AIREA, Dictionary of Real Estate Appraisal, 2nd Edition, 1989).

The appraiser must consider and evaluate all characteristics of the property being appraised. In estimating the highest and best use of the property, the appraisers go through essentially four stages of analysis, including analysis of permissible or legal uses, possible uses, feasible uses, and the highest and best use. Due to the large size of the subject property and the nature of the subject's improvements being consistent with the property's current use, the Highest and Best Use as if vacant is essentially the same as the Highest and Best Use as improved.

### **Permissible or Legal Uses**

The subject property is encumbered with two Conservation Easements which effectively blanket the entire property. The Conservation Easements negate the possibility for future subdivision of the property into smaller parcels and require that the property remain as a singular unit. Therefore, subdivision of the property is not a potential use.

### **Possible Uses**

Possible uses for which the property is adapted include agricultural production, recreation, and rural residential.

The property has not been utilized for livestock production, save for a few horses, in the last 15 years. However, the property is well suited for sheep and goat production and is a likely use to potential buyers. The property's Devil's River frontage, deep canyon with seasonal water resources, and extensive system of water pipelining enhances the property's appeal as a tract for agricultural use due to its increased carrying capacity.

The subject property is an attractive recreational tract with added appeal due to its Devil's River frontage offering an array of recreational water uses along with its native range and well managed native White Tail deer herd, along with other targeted wild game, providing for recreational hunting opportunities.

The property's improvements provide for potential use as a rural residential property. Due to its large size, it is assumed that, at a minimum, the ranch foreman would live on the property. The remaining improvements are utilized for weekend stays but could easily be utilized as a place of permanent residence.

All of the above uses are considered possible; however, as discussed in the following paragraphs, they may or may not be feasible.

### **Feasible and Maximally Productive Uses**

The low carrying capacities in the area make it difficult to utilize the properties solely for agricultural production. However, the use of properties for agricultural production provides benefits in terms of property tax breaks to the property. Additionally, the subject's carrying capacity, primarily due to its rested state of condition, Devil's River

frontage, and extensive water pipeline system render it as one which would reasonably have a greater carrying capacity than most of the properties in the area.

Recreational usage of the property is considered to be feasible and conforms to typical use of properties in the greater area. The property has recreational appeal in the form of recreational water activities, hunting, and other outdoor activities. All of these recreational uses require little expense and are considered to be feasible uses.

Rural residential usage of the property, specifically due to the improvements already in place, is considered to be a feasible use of the property. The major draw back for this use is the travel time from the subject to Del Rio and/or Sonora. There are permanent residences on ranches in the area and technology has made it easier for potential buyers to consider living on property's greater distances from populated areas but the typical use is for weekend getaways.

#### **Highest and Best Use Conclusion**

Based on an analysis of the use to which other properties in the area are being put and for which a demand is present, the highest and best use for the subject property is considered to be as a combinational use tract for recreation and agricultural use along with potential complimentary/secondary usage as a rural residential property.

#### **F. APPLICABLE APPROACHES TO VALUE**

The Direct Sales Comparison Approach to value is the most applicable approach to a value estimate for the subject property and is fully developed below.

The Cost Approach to value is considered applicable and is fully developed below.

The Income Approach to value is not considered applicable and was not utilized in this appraisal.

## **G. SALES COMPARISON APPROACH TO VALUE**

The Sales Comparison Approach involves a comparison of certain characteristics and the performance of the subject property to similar information on comparable properties which have recently sold. This approach is grounded in the principle of substitution which holds that "the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability" (The Appraisal of Real Estate, Twelfth Edition). Thus, this approach says that a typical buyer will not purchase a property at a price higher than the price paid for similar properties possessing comparable characteristics such as location, physical attributes, utility, profitability, etc. Because no two properties are identical, it is difficult to find truly comparable sales. Even those sales judged roughly comparable ordinarily require substantial adjustments in order to provide a reliable indication as to the subject's value.

The Sales Comparison Approach to value relies upon the analysis of recent transfers of similar properties which in turn are compared and contrasted with the subject. While comparability may be affected by a wide range of factors, the intent is to establish a plausible range from which conclusions may be drawn and trends discerned. By analyzing sales which qualify as arm's length transactions between willing, knowledgeable buyers and sellers, the appraiser can usually identify market value and price trends. Comparability in physical, locational and economic characteristics are important criteria when analyzing the sales in relation to the subject property. The basic steps involved in the application of this approach are as follows:

1. Research recent relevant property sales and current offerings throughout the competitive area.
2. Select and analyze those properties considered most similar to the subject, giving consideration to the time of sale and to any change in economic conditions which may have occurred since the date of sale, and other physical, functional or locational factors.
3. Analyze the sales price for common units of comparison, such as price per unit, effective or gross income multipliers, overall rates and yield rates.
4. Identify sales which include favorable financing and calculate the cash equivalent price.
5. Make appropriate adjustments between the comparable properties and the property appraised.
6. Interpret the adjusted sales data and draw a logical value conclusion.

The appraisers have identified six sales which are appropriate for analysis in direct comparison to the subject property in the Sales Comparison Approach. Five are shown in this report while the sixth was utilized as a "ghost" sale. The "ghost" sale is one which the appraisers were able to obtain all of the information concerning the conveyance only after assurances were made to the grantee that the sale would not be identified in the report. Therefore, it was utilized in the work file in direct comparison but was not included in this report. The "ghost" sale analysis yielded very similar indications of the subject's value as those indicated by the five sales shown in this report and is considered to be strong market evidence for the final concluded value based on its 2010 sale date.

Paired sales analysis is the basis for all of the adjustments described below. Dollar adjustments are made for the financing, conditions, land ratio, building improvements, and time adjustments while adjustments for size, location, access, land features, and conservation easement are based on percentage adjustments rounded to the nearest \$5

## **Factors Which Affect Value**

### **1. Financing Adjustment**

The terms or financing of the sale has a direct bearing on the unit price paid for the property. The amount of cash down payment, the terms of the note for the balance, the interest rate and the amount of time allowed for pay out all have an affect on the quoted unit prices paid. Therefore, the individual terms of each sale must be analyzed and evaluated as to the effect financing had on the purchase price.

Each of the sales shown in direct comparison to the subject property was completed with typical financing or cash and no adjustments were made for this element of comparison.

### **2. Financing Adjustment**

The conditions under which a property was sold can impact the unit price paid for the property. A few of the possible atypical conditions under which a sale might occur are an uninformed buyer or seller, a distressed buyer or seller, prolonged closings, or whether or not a property was properly marketed.

The sales shown in direct comparison to the subject property occurred under normal conditions, therefore; no adjustments were made for this element of comparison.

### **3. Land Class Adjustment**

There are a total of four identified land classes in the area including Class I Live Water, Class II Live Water, Class I Native Pasture, and Class II Native Pasture. The majority of the properties located in the area consist of some combination of at least two of these land classes. The subject property consists of a combination of 7,820 acres of Class I Live Water influenced acreage and 9,817.621 acres of Native Pasture influenced acreage. The sales shown in direct comparison to the subject property consist of either a combination of Class I Live Water and Class I Native Pasture or are puritans consisting of either Class I Live Water or Class I Native Pasture. Class I Live Water acreage is estimated utilizing the Arc GIS mapping system at the appraisers' office and is based on a 1 ½ mile buffer around the property's live water frontage.

In order to arrive at the land class ratios a large study of sales in the area, occurring from 2005 to the current date, of property having one or more of the identified land classes was completed.

The objective behind breaking real estate into its components is to help with the comparison process. Once we have allocated each sale as best we can into its components of value, we can directly compare how the allocation of that particular sale would compare to the subject property. The process of doing this is listed below:

1. Allocate the Sale into its value components.
2. Apply the allocated value per unit to the number of units the subject has in each class.
3. Add the total value indicated by using the Sale's allocated unit prices for the subject property.

4. Divide the TOTAL value indicated for the subject property by the TOTAL number of units contained on the subject property.
5. Calculate the difference in the price per unit on the subject property and the price per unit of the sale.
6. The resulting calculation will indicate an appropriate positive or negative adjustment to the Sale for comparing to the subject property in the Land Class Adjustment Category.

The unit value indications from the extensive study performed result in the following typical unit values and hence ratios between land classes. The resulting ratios were shown indicating that Class I Live Water acreage is the top land class present in the market followed by Class II Live Water acreage, 45%; Class I Native Pasture acreage, 20%; and Class II Native Pasture at 15%.

<b>Class I Live Water \$/Acre</b>	<b>\$2,250.00</b>
<b>Class II Live Water \$/Acre</b>	<b>\$1,000.00</b>
<b>Class I Native Pasture \$/Acre</b>	<b>\$450.00</b>
<b>Class II Native Pasture \$/Acre</b>	<b>\$325.00</b>
<b>Class I Live Water Ratio</b>	<b>100%</b>
<b>Class II Live Water Ratio</b>	<b>45%</b>
<b>Class I Native Pasture Ratio</b>	<b>20%</b>
<b>Class II Native Pasture Ratio</b>	<b>15%</b>

Based on the market abstracted ratios, each sale is analyzed and allocated and then directly compared to the subject in order to reflect a land adjustment. The sale is made to contain the same acres and land mix as the subject property in this process. For example, in the first grid below, sale 1 allocated values are multiplied by the acres for each land class on the subject property and these contributory values are totaled and then divided by the number of acres in the subject property. The difference between the indicated per acre value of the subject property and that of the sale is the indicated adjustment.

The calculation of each sales land class adjustment is shown below with the indicated land class adjustments to be utilized in the final sales comparison grid.

Sales Comparison - Sale #1			i5043		Land Adjustment Amt. \$		-619.74							
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Unit	\$/Unit	Total				
Class I Live Water	6,000	1,666.34	Acre	6,000.00	1,666.34	7,820.00	1,666.34	7,820.00	1,666.34	13,030,779				
Class I Native Past	606	333.27	Acre	606.00	333.27	9,817.62	333.27	9,817.62	333.27	3,271,918				
Sale Land Contrib				10,200,008.00	/ Eff. Unit Size	6,606.02	=	1,544.05	Total	16,302,697	/ Eff. Unit Size	17,637.62	=	924.31

The land adjustment for Sale 1 is a negative \$619.74 per acre.

Sales Comparison - Sale #2 15043				Land Adjustment Amt. \$ -733.03						
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Class I Live Water	1,256	1,646.13	Acre	1,256.00	1,646.13	7,820.00	1,646.13	7,820.00	1,646.13	12,872,737
Class I Native Pat	0	329.23	Acre	0.00	329.23	9,817.62	329.23	9,817.62	329.23	3,232,255
<b>Sale Land Contrib</b> 2,068,198.00 / Eff. Unit Size 1,256.40 = 1,646.13 <b>Total</b> 16,104,992 / Eff. Unit Size 17,637.62 = 913.10										

The land adjustment for Sale 2 is a negative \$733.03 per acre.

Sales Comparison - Sale #3 17849				Land Adjustment Amt. \$ -989.01						
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Class I Live Water	543	2,220.99	Acre	543.00	2,220.99	7,820.00	2,220.99	7,820.00	2,220.99	17,368,142
Class I Native Pat	0	444.20	Acre	0.00	444.20	9,817.62	444.20	9,817.62	444.20	4,360,987
<b>Sale Land Contrib</b> 1,205,998.00 / Eff. Unit Size 543.00 = 2,220.99 <b>Total</b> 21,729,129 / Eff. Unit Size 17,637.62 = 1,231.98										

The land adjustment for Sale 3 is a negative \$989.01 per acre.

Sales Comparison - Sale #4 17852				Land Adjustment Amt. \$ 798.07						
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Class I Live Water	0	2,250.00	Acre	0.00	2,250.00	7,820.00	2,250.00	7,820.00	2,250.00	17,595,000
Class I Native Pat	9,092	450.00	Acre	9,092.00	450.00	9,817.62	450.00	9,817.62	450.00	4,417,929
<b>Sale Land Contrib</b> 4,091,571.00 / Eff. Unit Size 9,092.38 = 450.00 <b>Total</b> 22,012,929 / Eff. Unit Size 17,637.62 = 1,248.07										

The land adjustment for Sale 4 is a positive \$798.07 per acre.

Sales Comparison - Sale #5 17853				Land Adjustment Amt. \$ 824.67						
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Class I Live Water	0	2,325.00	Acre	0.00	2,325.00	7,820.00	2,325.00	7,820.00	2,325.00	18,181,500
Class I Native Pat	7,173	465.00	Acre	7,173.00	465.00	9,817.62	465.00	9,817.62	465.00	4,565,193
<b>Sale Land Contrib</b> 3,335,445.00 / Eff. Unit Size 7,173.00 = 465.00 <b>Total</b> 22,746,693 / Eff. Unit Size 17,637.62 = 1,289.67										

The land adjustment for Sale 5 is a positive \$824.67 per acre.

#### 4. Building Improvement Adjustment

The property is improved with a lodge, guest house, foreman's residence, horse barn, office/shop, equipment shed, two livestock shades, carport/storage, camp house, cabin, and paved runway. The improvements are collectively in average to good condition with average to good utility and are considered to offer considerable contributory value to the property's overall market appeal.

The appraisers researched their database for large ranch properties that are highly improved with recreational and agricultural type improvements. Every sale utilized for an indication of building improvement contributory values contained at least two similar improvements to those located on the subject property. The indicated per square foot values were applied to the subject's various building improvements resulting in an individual contributory value for each building improvement. The indicated building improvements were then added together for a total indicated building contributory value of \$1,097,928 or \$62.25 per acre. The following grid illustrates this process.

Improvement	Size	Indicated \$/SF	Cont. Value
Main Lodge	3,972	\$135.00	\$536,220.00
Quest House	2,164	\$90.00	\$194,760.00
Foreman's Res	2,500	\$65.00	\$162,500.00
Horse Barn	3,200	\$15.00	\$48,000.00
Office/Shop	466	\$5.00	\$2,330.00
Equipment Shed	1,908	\$2.00	\$3,816.00
Cattle Shades	960	\$2.00	\$1,920.00
Carport/Storage	1,056	\$12.00	\$12,672.00
Camp House	873	\$5.00	\$4,365.00
Cabin	1,069	\$5.00	\$5,345.00
Paved Runway	168,000	\$0.75	\$126,000.00
		Total	\$1,097,928
		Total \$/Ac	\$62.25

Sale 1 conveyed with building improvements contributing to its sales price. The remaining sales were vacant of any improvements contributing to their sales prices. Each sale was adjusted according to the subject's \$62.25 per acre in building contributory value.

#### 5. Time

The next factor analyzed was time. The comparable sales range in date from August 2006 to 2010. The effective date of this appraisal is February 16, 2010. Property values enjoyed strong rates of increase from 2006 until about February 2008. After February 2008 the rate of increase stabilized and the downturn in the national economy occurred in September 2008. The number of sales transactions of large properties in the area has greatly decreased since the end of 2008. Sales utilized in the Sales Comparison Approach in this report include two 2006 sales, two 2008 sales, one 2009 sale, and the "ghost" sale occurred in 2010. This is similar to what other areas of the state are experiencing. However, in the greater Val Verde County area, when sales do occur, prices have remained at or near similar per acre levels as experienced during the early 2008 time frame. While, at a minimum, it should be expected for marketing periods to be longer there is not sufficient evidence to suggest that market values in the subject's area have decreased from early 2008 to the date of the appraisal. Therefore; the sales were adjusted forward to February 2008 rather than to the effective date of February 16, 2010.

Sales 1 & 2 occurred prior to February 2008 and were adjusted on a market abstracted rate of 1.531% per month, which compounded equates to 25% per year, to that date. The remaining sales occurred after February 2008 and were not adjusted for time.

#### **6. Size**

The size of the property is a factor in the unit value of a piece of real estate. Generally, smaller properties command a lower total consideration than does a larger tract. For this reason, there are more willing and able buyers for smaller properties, thus, making them more marketable. This increased marketability causes the unit price of small parcels to be greater than the unit price of larger properties. The subject property is 17,637.62 acres in size.

Paired sales analysis indicates that there is an approximately 5% change in price for each doubling in land size. Those sales that are 5,000 acres in size will sell for 5% less per acre than those sales that are 2,500 acres in size. Each of the sales has been adjusted to reflect the subject's rounded size of 17,638 acres.

#### **7. Location**

Under this value factor, the general location with respect to trade centers, population centers and major thoroughfares is recognized as it affects the value of the property. Estimated distances are based on road miles. The subject property is located approximately 30 miles north of Del Rio in Val Verde County, Texas.

Sale 3 is located north of the subject on the west side of the Devil's River. While, relative to mileage, the property is not much further from Del Rio than the subject, this area of the county is much more difficult to get to. The grantee indicated that it takes him 1 ½ hours to get to Del Rio from his property. Sale 3 is considered to have inferior location to that of the subject property. The remaining sales are considered to be similarly located to the subject property.

Paired sales analysis indicated a positive 10% adjustment in order to better equate sale 3 to the subject property with respect to location. The remaining sales were not adjusted for this element of comparison.

#### **8. Access**

Access deals with the physical access to the property such as paved road frontage compared to undeeded easement, with undeeded easement being the least desirable access. Access adjustments are made for differences in desirability of access as compared to the subject. The subject property is accessed by its frontage along Blue Sage Road, a county maintained caliche base road.

Sale 1 is accessed via paved easement; sales 2 & 5 are accessed via State Highway frontage; sale 3 is accessed via a long and jeep trail quality easement; and sale 4 is accessed via County Road.

Paired sales analysis indicates a positive 5% adjustment for sale 1; a negative 5% adjustment for sales 2 & 6; and a positive 20% adjustment for sale 3 in order to equate with the subject property's County Road access. Sale 4 received no adjustment for this element of comparison.

## **9. Physical Features**

The physical features adjustment deals with types of terrain, the amount and density of undesirable vegetation, the recreational aspects of the property and other characteristics. Area sales also indicate a premium for tracts with deer proof fencing and game managed properties. This adjustment is based on the comparison of many sales over the years and the market's indication from current sales of the value that it places on various characteristics. The subject property is considered to be an attractive property with its vast system of interior roads providing ready access to nearly all of its acreage.

Sale 2 has frontage along the north side of Lake Amistad. The conservation pool level of Lake Amistad is 1,117 ft above sea level, meaning that any portion of the property lying at or below that level is the property of the State. Sale 2 has topography features that result in areas within its boundaries lying at or below the conservation pool level resulting in three noncontiguous tracts of land. In reality, the land owner accesses the entire property via an interior road that runs through the State property, however; this is not owned property and the State could, legally, restrict the owners ability to access the property along this route. There is no other route to access the entire property which is in effect noncontiguous and potentially "land locked" without access to approximately 9/10ths of its acreage. Paired sales analysis indicated a positive 40% adjustment for sale 2 in order to equate it to the subject with respect to physical features.

Sale 5 has poor interior roads which render much of the property as being inaccessible by standard vehicle. The property is one which has good physical appeal save for the poor quality interior roads. Travel time to various regions of the property is greatly increased due to this feature, however; the land owner does have legal right to construct better interior roads in any form or fashion desired. Paired sale analysis indicated a positive 10% adjustment in order to better equate it to the subject with respect to physical features.

The remaining sales are considered to have similar physical features as those possessed by the subject property and were not adjusted for this element of comparison.

## **10. Conservation Easement**

The subject property is encumbered with two identical conservation easements. The property's entire acreage was assembled via two purchases from the Nature Conservancy with the easements in place at the time of each conveyance. The complete documents outlining property restrictions can be found in the addenda of this report. The overriding factor in the two conservation easements is the restriction from any division of the subject property. This restriction renders the subject as having to remain a 17,637.62 acre property with no potential for sale in tracts of any size. This restriction is one which is considered to be significant among buyers in the market and results in a reduction in per acre prices these buyers are willing to pay for properties with similar restrictions.

The appraisers maintain a working database of sales occurring across the State encumbered by conservation easements. This database was researched for relevant sales to be analyzed for an indication of the impact of the subject's conservation easements to its overall value. Nine sales were identified as being relevant in this analysis and each was thoroughly analyzed for an indication in % discount due to their respective conservation easements. The appraisers first read the conservation easements for each of the sales while paying particular attention to the number of partitions (divisions) allowed. Then sales of similar property from each conservation easement sale's general real estate market area were compared directly for an indication of market value, as if

unencumbered by conservation easement, at the time of their conveyances. The actual per acre consideration paid for each of the sales was then divided by their unencumbered indicated market values. The resulting reciprocal is the % discount paid due to the existence of the conservation easement. A summary of this process is shown below.

Sale No.	County	Date	Size	Partitions Allowed	Consideration (\$/Acre)	Unencumbered Market Value (\$/Acre)	Indicated % Discount
8	Jeff Davis	May-03	3,281.000	None	\$220	\$310	29%
9	Jeff Davis	May-03	1,883.380	None	\$220	\$310	29%
10	Jeff Davis	May-04	4,541.030	None	\$540	\$900	40%
19	Uvalde	Jul-06	7,068.710	7	\$1,250	\$1,250	0%
24	Uvalde	Sep-07	2,656.547	1	\$1,300	\$2,200	41%
28	Val Verde	May-08	10,204.390	2	\$344	\$400	14%
30	Uvalde	Oct-08	4,957.450	None	\$920	\$1,350	32%
31	Jeff Davis	Sep-08	7,954.130	1	\$1,470	\$1,800	18%
35	Uvalde	Apr-09	7,068.710	7	\$900	\$1,300	31%

The data shows exactly what one would expect it to show in that, typically, the more restrictive the conservation easement is the greater the indicated % discount becomes. Sales 8, 9, 10, & 31 each have similar conservation easements to that on the subject property, particularly in reference to the number of partitions (divisions) allowed. The range of indicated % discount is from 29% to 40% for these sales with most of them indicating approximately 30% discount due to the conservation easement.

The sales shown in direct comparison to the subject property occurred free of any conservation easements. Each of the sales received a negative 30% adjustment in order to better equate them to the subject property with respect to conservation easement.

### Adjustment Grid

The final adjustment grid is simply the grid showing each of the sales and the respective adjustment described above in order to better equate them to the subject property for a more accurate indication of a per acre value for the subject property.

SALES COMPARISON APPROACH GRID-DEVIL'S RIVER RANCH						
Sale I.D.	Subject	1	2	3	4	5
<b>Grantor</b>		Lamrock Harter Venture Partners	Longley  Stephens	Spenser  Fort Hudson	Wardlaw  White	High Divide  R.B. Creek
<b>Grantee</b>						
<b>Date</b>	2/16/2010	8/31/2006	12/12/2006	4/17/2008	9/12/2008	6/2/2009
<b>Acres</b>	17,637.62	6,606.020	1256.4	543	9092.38	7,173
<b>Total \$</b>		\$10,500,000	\$2,068,199	\$1,206,000	\$4,091,571	\$3,335,445
<b>Imp. \$</b>		\$300,000	0	0	0	0
<b>\$/Acre</b>		\$1,589	\$1,646	\$2,221	\$450	\$465
<b>Base Adjustments</b>						
<b>Financing</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Conditions</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Land</b>		-\$619.74	-\$733.03	-\$989.01	\$798.07	\$824.67
<b>Improvements</b>		\$16.84	\$62.25	\$62.25	\$62.25	\$62.25
<b>Adjusted \$/Acre</b>		\$986.56	\$975.35	\$1,294.23	\$1,310.32	\$1,351.92
<b>Time Adjustment</b>						
<b>Periods</b>		18	14	0	0	0
<b>Rate / Period</b>		1.531	1.531	1.531	1.531	1.531
<b>Adj. \$/Acre</b>		\$310.32	\$231.19	\$0.00	\$0.00	\$0.00
<b>Adjusted \$/Acre</b>		\$1,296.88	\$1,206.54	\$1,294.23	\$1,310.32	\$1,351.92
<b>Other Adjustments</b>						
<b>Size</b>	17,638 Acres	6,606 Acres	1,256 Acres	543 Acres	9,092 Acres	7,173 Acres
<b>Adjustment</b>		-\$85	-\$225	-\$325	-\$60	-\$85
<b>Location</b>	30 N Del Rio	25 N Del Rio	9 N Del Rio	50 NW Del Rio	52 N Del Rio	30 N Del Rio
<b>Adjustment</b>		\$0	\$0	\$95	\$0	\$0
<b>Access</b>	CR	Pvd Esmt	St. Hwy	Dirt Easement	CR	St. Hwy
<b>Adjustment</b>		\$60	-\$50	\$215	\$0	-\$65
<b>Features</b>	No Adverse	No Adverse	Noncontiguous	No Adverse	No Adverse	Limited Access
<b>Adjustment</b>		\$0	\$370	\$0	\$0	\$120
<b>Conservation Esmt.</b>	Yes	No	No	No	No	No
<b>Adjustment</b>		-\$385	-\$390	-\$385	-\$375	-\$395
<b>Indicated Values</b>						
<b>Net Adj.</b>		-\$703	-\$735	-\$1,327	\$425	\$462
<b>Indicated \$/Acre</b>		\$887	\$912	\$894	\$875	\$927
<b>Rounded</b>		\$890	\$910	\$890	\$880	\$930

**Summary – Devil’s River Ranch**

All five sales presented above, and the sixth utilized as a “ghost” sale, are considered significant in the indication of the market value for the subject 17,637.62 acre Devil’s River Ranch. All adjustments made to the sales were based off of paired sales analysis and each adjustment is discussed in the above adjustment discussion.

The average indicated per acre value of the subject property is \$900 per acre, the median is \$890 per acre, and the mode is \$890 per acre. Value indications range from \$880 per acre to \$930 per acre or approximately a 6% range in value indications. This is well within the range typically experienced in the market for live water properties and is considered to be a reliable indication of the value of the subject property.

Therefore; based on the above analysis and conclusions, giving consideration to all factors which effect the Sales Comparison Approach, it is our opinion that the Sales Comparison Approach to value yields a rounded indication of:

**FIFTEEN MILLION EIGHT HUNDRED SEVENTY FOUR THOUSAND DOLLARS**

**(\$15,874,000).**

## **H. COST APPROACH TO VALUE:**

The Cost Approach is defined by The Dictionary of Real Estate Appraisal, Fourth Edition, as a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

An important distinction within the cost approach is whether the appraiser uses a reproduction cost (the cost to build an exact duplicate of the subject improvements, including all of its deficiencies) or a replacement cost (the cost to duplicate the subject's improvements so that the same utility is achieved). In this analysis, the appraiser has used the replacement cost method in the Cost Approach.

The Cost Approach is based upon the principle of substitution. According to The Appraisal of Real Estate, Twelfth Edition, "this principle affirms that no prudent investor would pay more for a property than the cost to acquire the site and construct improvements of equal desirability and utility without undue delay." In developing the approach, appraisers use both the sales comparison approach and the depreciated cost method as follows:

1. Estimate the subject's land value as if vacant.
2. Calculate the cost new, including developer profit, of reproducing or replacing the building and site improvements.
3. Estimate the total dollar amount of depreciation from all causes (accrued depreciation). Accrued depreciation results from physical, functional and external causes. All three types of depreciation may affect a specific property. Newly constructed real estate projects may not experience any depreciation as of the date of completion.
4. Deduct the estimated dollar amount of accrued depreciation from the cost new to derive the current depreciated value of the building and site improvements.
5. Add the estimated site value to the depreciated value of the improvements to develop an overall value indication by the Cost Approach.

The Cost Approach is accorded varying degrees of credence by an appraiser depending upon whether one or more of the following conditions are present: (1) the buildings and site improvements do not exhibit significant levels of depreciation and/or obsolescence, (2) one or more of the other approaches to value are not convincing or applicable, and (3) market participants employ this technique for decision-making with respect to the property at hand, in the current market environment.

The following pages describe the data and analysis of the Cost Approach in four segments: the estimate of the value of the subject site on the basis of recent comparable sales data; the estimate of the cost new of the improvements in Val Verde County; and the estimated accrued depreciation as determined by the market extraction method. At the conclusion of this section, the results of the estimates are reconciled and summed, as appropriate, to derive an overall value indication from the Cost Approach.

**Land Valuation:**

The deed records in Val Verde County were searched and local realtors and other people with knowledge of local real estate transactions were contacted in an effort to find land sales with similar physical characteristics and potential. Approximately 40 sales were discovered, with the most comparable being utilized in this report, and the following "Land Sales Summary" is a bracketing technique used in the land valuation process.

Ideally, the appraiser would have numerous sales of puritan land classes with no contributory value from building improvements. The sales included in the "Land Sales Summary" are considered to be the most similar in size, date of sale, location, and physical characteristics to the subject property. Each sale is broken down in order to indicate land values for Class I Live Water and Class I Native Pasture. Typically the Class I Live Water acreage sets the top end, or 100%, of the market with the Class II Live Water acreage a step below, or approximately 45% of the Class I Live Water acreage; followed by Class I Native Pasture acreage at approximately 20% of Class I Live Water acreage; and ending with Class II Native Pasture at approximately 15% of Class I Live Water acreage. These land classes are better described in the "Land Adjustment" of the Sales Comparison Approach section of this report.

The indicated values for the subject's 7,820 acres of Class I Live Water range from \$1,622 per acre to \$2,325 per acre with five of the six sales indicating a range of \$2,036 per acre to \$2,325 per acre. The indicated values for the subject's 9,817.62 acres of Class I Native Pasture range from \$324 per acre to \$465 per acre with five of the six sales indicating a range of \$407 per acre to \$465 per acre. The appraisers utilized \$2,200 per acre for the subject's Class I Live Water acreage and \$450 per acre for its Class I Native Pasture acreage as those were the best blend of per acre value indications in the Land Sales Grid. See following Land Sales and Indicated Subject Land Value Grids.

LAND ALLOCATION						
Sale I.D.	Subject	1	2	3	4	5
Grantor		Lamrock Harter	Longley	Spenser	Wardlaw	High Divide
Grantee		Venture Partners	Stephens	Fort Hudson	Frankens	R.B. Creek
Date	2/16/2010	8/31/2006	12/12/2006	4/17/2008	9/12/2008	6/2/2009
Acres	17,637.62	6,606.02	1,256.40	543.00	9,092.38	7,173.00
Time Adjusted Allocation		Yes	Yes	No	No	No
ALLOCATIONS						
Class I Live Water Acres	7,820	6,000.00	1,256.40	543.00	0.00	0.00
Allocated \$/Acre (100%)		\$2,190.09	\$2,036.04	\$2,220.99	\$2,250.00	\$2,325.00
Class I Native Pasture Acres	9,817.62	606.02	0.00	0.00	9,092.38	7,173.00
Allocated \$/Acre (20%)		\$438.02	\$407.21	\$444.20	\$450.00	\$465.00
SUBJECT LAND VALUE INDICATION						
Class I Live Water Acres	7,820.00	@	\$2,250	per Acre =	\$17,595,000	
Class I Native Pasture Acres	9,817.62	@	\$450	per Acre =	\$4,417,929	
					Total =	\$22,012,929

**Improvement Cost Analysis:**

The property is improved with a lodge, guest house, foreman's residence, horse barn, office/shop, equipment shed, two livestock shades, carport/storage, camp house, cabin, and paved runway. The improvements are collectively in average to good condition with average to good utility and are considered to offer considerable contributory value to the property's overall market appeal.

In the improvement cost analysis the appraisers utilized the Marshall & Swift Cost Guide along with discussion with area builders in order to arrive at per square foot costs for constructing the subject's various building improvements. The cost per square foot was then applied to each of the building improvements total area resulting in replacement cost new for them. Physical depreciation, based on the age/life method, was then applied to each of the building improvement's replacement cost new estimates in order to arrive at a physical depreciation dollar amount. Functional obsolescence was then applied to the physically depreciated improvement values in order to arrive at a fully depreciated contributory value for each of the subject's building improvements. The only improvement exhibiting functional obsolescence was the runway. Area analysis indicated no external obsolescence is present. Each of the fully depreciated contributory values were then added together for a total indicated contributory value of \$1,127,029. See following grid for illustration.

Improvement	Size	Econ. Life	Eff. Age	RCN \$/Sf	Total RCN	%Phy. Dep.	\$ Pys. Dep.	%Funct. Dep.	\$ Funct. Dep.	Cont. Value
Main Lodge	3,972	60	5	\$150	\$595,800	8.33%	\$49,650	0.00%	\$0	\$546,150
Quest House	2,164	60	5	\$100	\$216,400	8.33%	\$18,033	0.00%	\$0	\$198,367
Foreman's Res	2,500	60	6	\$75	\$187,500	10.00%	\$18,750	0.00%	\$0	\$168,750
Horse Barn	3,200	40	5	\$20	\$64,000	12.50%	\$8,000	0.00%	\$0	\$56,000
Office/Shop	466	30	20	\$10	\$4,660	66.67%	\$3,107	0.00%	\$0	\$1,553
Equipment Shed	1,908	30	20	\$6	\$11,448	66.67%	\$7,632	0.00%	\$0	\$3,816
Cattle Shades	960	20	2	\$3	\$2,880	10.00%	\$288	0.00%	\$0	\$2,592
Carport/Storage	1,056	30	5	\$15	\$15,840	16.67%	\$2,640	0.00%	\$0	\$13,200
Camp House	873	30	25	\$30	\$26,190	83.33%	\$21,825	0.00%	\$0	\$4,365
Cabin	1,069	30	25	\$35	\$37,415	83.33%	\$31,179	0.00%	\$0	\$6,236
Paved Runway	168,000	30	20	\$3	\$504,000	66.67%	\$336,000	25.00%	\$42,000	\$126,000
									Total =	\$1,127,029

**Recognition of Conservation Easement:**

As noted previously throughout the report, the subject property is encumbered by two identical conservation easements which, in effect, blanket the entire property. Please see the conservation easement analysis in the discussion of adjustments section of the Sales Comparison Approach above.

Analysis of sales transactions, with conservation easements in place at their respective times of conveyance, resulted in a 30% decrease of market value. The 30% adjustment was applied to the subject's total indicated market value of \$23,139,958. This results in a loss of value of \$6,941,987 due to the conservation easements in place on the subject property.

**Summary of Cost Approach to Value:**

The above analysis yields indications of contributory values for the subject land and improvements of \$22,012,929 and \$1,127,029 respectively.

The estimated \$6,941,987 loss in value due to the conservation easements is deducted from the summation of the land and improvement values, \$23,139,958, in order to arrive at an accurate indication of overall property value.

The final step of the Cost Approach is the summation of the contributory values above.

Therefore; based on the above analysis, and conclusions, giving consideration to all factors that affect the Cost Approach, it is our opinion that the Cost Approach to value yields a rounded indication of:

**SIXTEEN MILLION ONE HUNDREDNINETY EIGHT THOUSAND DOLLARS**

**(\$16,198,000).**

## **I. RECONCILIATION AND FINAL VALUE ESTIMATE**

The process of reconciliation involves a review of the three approaches to value and supporting data, the three value indications, and the derivation of a final value estimate from this information. The Dictionary of Real Estate Appraisal, Fourth Edition defines reconciliation as "the step in the valuation process in which an appraiser analyzes alternative value indications to arrive at a final value estimate". The Dictionary also defines reconciliation criteria as "the criteria that enable an appraiser to form a meaningful, defensible conclusion about the final value estimate; such criteria are appropriateness, accuracy, and quantity of evidence". Appropriateness pertains to the property type, market and other characteristics of the subject as related to the valuation approaches or methods. Accuracy pertains to reliability of the data, the accuracy of the calculations, and the resulting confidence of the appraiser in the value indications derived. While appropriateness and accuracy gauge the quality of the methods and value indications, the appraiser also considers the quantity of evidence. The quantity of data supporting a value indication or approach is directly related to its reliability and the weight given if for purposes of determining the final value estimate.

The Sales Comparison Approach to value included the analysis and direct comparison of 6 area sales in an effort to arrive at an indicated value for the subject property. The subject's indicated value by this approach is \$15,875,000. The tight range of indicated per acre values by each of the sales lends strong support to the entire adjustment process and the indicated values are considered to be reliable indicators of the subject's value. The Sales Comparison Approach is considered to be the most reliable of the three approaches due to its direct reflection of market prices and the interactions of buyers and sellers.

The Cost Approach to value was technically inapplicable due to the extremely low contributory value as a percentage of the whole property value which is calculated at approximately 5%. However, the improvements located on the subject property are considered to be, collectively, of high quality and the appraisers deemed it appropriate to perform a cost analysis of them. The primary purpose of the Cost Approach was as a means for breaking the subject's acres into its various land class components and comparing them head to head with known sales. Completion of this analysis results in the same land class ratios as utilized in the Sales Comparison Approach and its indication of \$16,198,000 is considered to be strong support for the indicated value of the Sales Comparison Approach.

The Income Approach to value is considered to be inapplicable in the appraisal of the subject property and, as such, was not performed.

### **Conclusion**

After consideration was given to each of the applicable approaches, it was determined that the most reliable approach was the Sales Comparison Approach with its value indication receiving strong support from the indicated value via the Cost Approach.

Therefore; based on the above analysis and conclusions, given consideration to all factors which effect the market value of the subject 17,637.62 acre Devil's River Ranch, it is our opinion that the subject property had a market value, as of February 16, 2010, in rounded numbers:

**FIFTEEN MILLION EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**(\$15,875,000).**

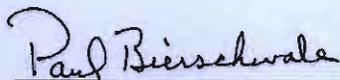
## CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

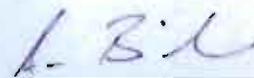
1. We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
  2. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
  3. To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
  4. This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
  5. This appraisal report has been made in conformity with and is subject to the requirements of the Uniform Standards of professional Appraisal Practice of the Appraisal Foundation as well as the additional Code of Ethics of the appraisal organizations of which the appraiser is a member.
  6. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
  7. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
  8. The appraisers did perform a physical inspection of the subject property and all of the sales utilized in this report.
  9. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
  10. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Society of Farm Managers and Rural Appraisers and the Appraisal Institute.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the ASFMR or to any designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communications without the prior written consent and approval of the undersigned.
11. Based on our investigation of the market and the findings as shown in this report, we have formed the opinion that the market value of the property herein described is, as of the effective date of the appraisal, February 16, 2010:

**FIFTEEN MILLION EIGHT HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

**(\$15,875,000)**



Paul Bierschwale, ARA



Aaron Bierschwale, ARA

**PART VI—EXHIBITS AND ADDENDA**

PHOTOGRAPHS OF SUBJECT PROPERTY

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 1



Entrance to subject property off of Blue Sage Road.

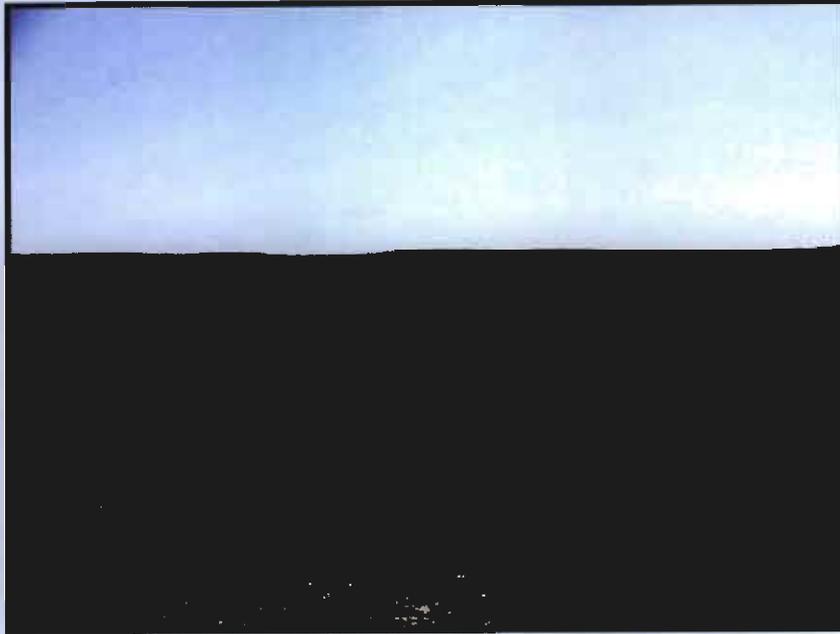
Picture No. 2



Devil's River Ranch sign just inside of entrance to property.

**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 3



Open native pasture.

Picture No. 4



Open native pasture.

**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 5



Wooded native pasture.

Picture No. 6



Wooded native pasture.

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

**Picture No. 7**



**Wide view of one of the subject's pictograph sites.**

**Picture No. 8**



**Close up view of some of the pictographs in the prior photograph.**

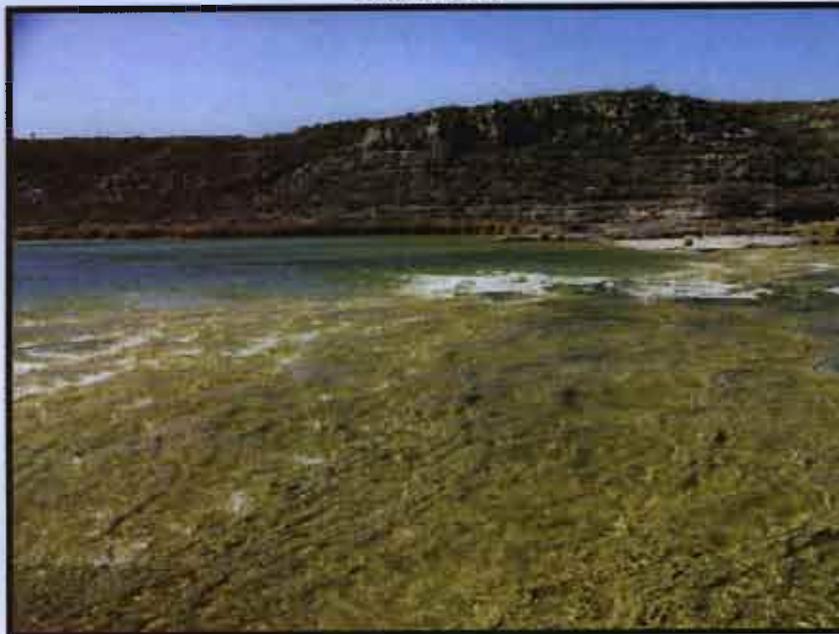
**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 9



Subject's frontage along the Northern reaches of Lake Amistad.

Picture No. 10



Rapids feeding from the Devil's River into the Northern reaches of Lake Amistad.

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

**Picture No. 10**



**Subject's northernmost frontage along the Devil's River.**

**Picture No. 11**



**Deep water hole along subject's Devil's River frontage.**

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 12



Shallow solid rock bottom area that can be used for crossing Devil's River.

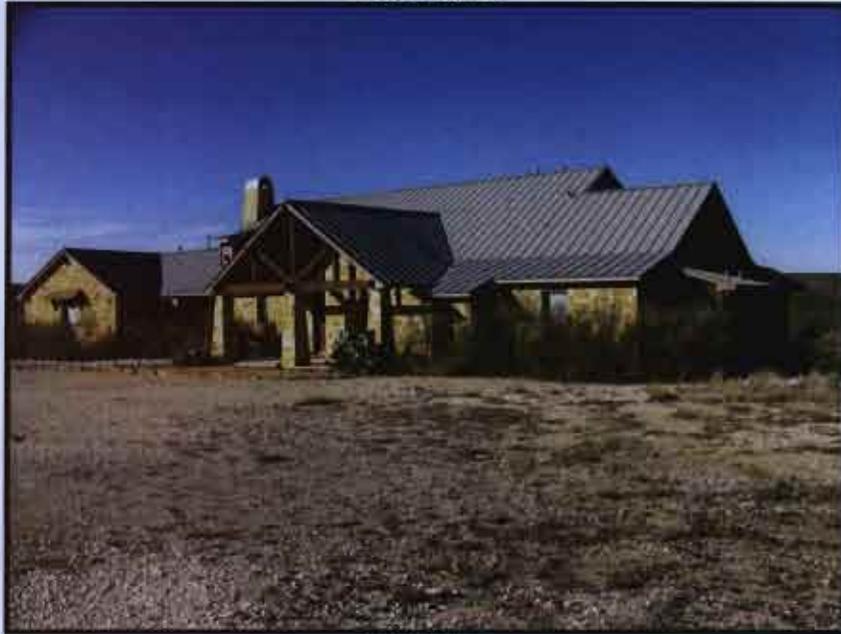
Picture No. 13



Weir dam creating large body of water along subject's Devil's River frontage.

**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 14



Main lodge.

Picture No. 15



Guest house.

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

**Picture No. 16**



**Carport with built in storage building.**

**Picture No. 17**



**Foreman's residence.**

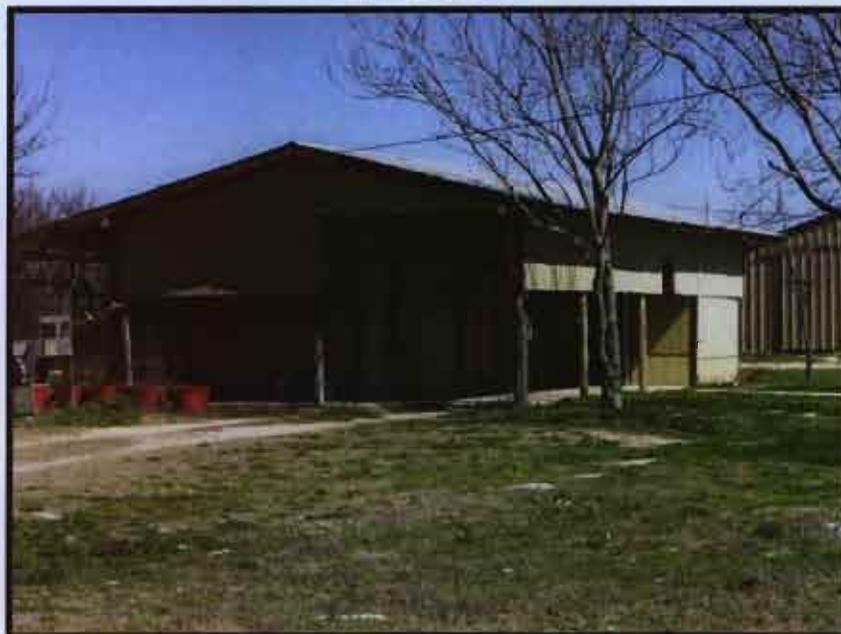
**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 18



Horse barn.

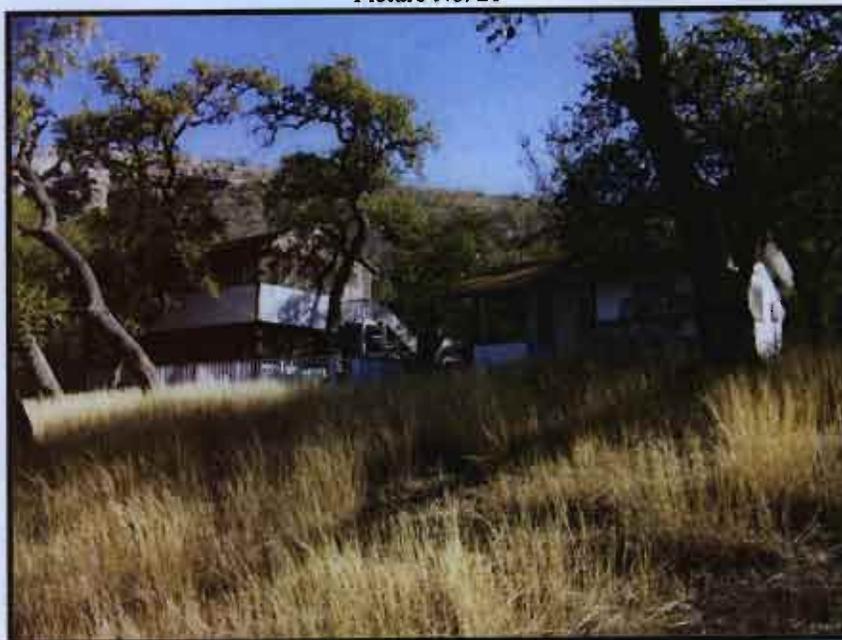
Picture No. 19



Office/shop building.

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 20



Camp house.

Picture No. 21



Cabin.

**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 22



Aerial view of subject's frontage along the northern reaches of Lake Amistad.

Picture No. 23



Aerial view of subject's frontage along the northern reaches of Lake Amistad.

**PHOTOGRAPHS OF SUBJECT PROPERTY  
(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 24



Aerial view of subject's Northernmost frontage along the Devil's River.

Picture No. 25



Aerial view of subject's frontage along the Devil's River.

**PHOTOGRAPHS OF SUBJECT PROPERTY**  
(Taken February 16, 2010 by Aaron Bierschwale)

Picture No. 26



Aerial view of subject's weir dam and frontage along the Devil's River.

Picture No. 27



Aerial view of native pasture and canyon in subject's northwestern region.

**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**(Taken February 16, 2010 by Aaron Bierschwale)**

Picture No. 28



Aerial view of subject's native pasture and canyons in subject's eastern region.

Picture No. 29



Aerial view of subject's native pasture and canyons in subject's central region.

**SUBJECT PROPERTY LEGAL DESCRIPTION**

STATE OF TEXAS §  
COUNTY OF VAL VERDE §

**COPY**  
Count  
Receipt Number - 17184

001.796  
pg. 109  
0190925  
93.00

**SPECIAL WARRANTY DEED WITH VENDOR'S LIEN**

Maria Elena Cardenas  
County Clerk  
Val Verde County  
Maria Elena Cardenas

Date: December 27, 2001

Grantor: THE NATURE CONSERVANCY, a non-profit corporation organized and existing under the laws of the District of Columbia

Grantor's Mailing Address: 711 Navarro, Suite 410  
San Antonio, Texas 78205

Grantee: DEVIL'S RIVER RANCH, L.L.C., a Texas limited liability company

Grantee's Mailing Address: 12850 Hillcrest Road, Ste. 200  
Dallas, Texas 75230

Consideration: Cash paid by Grantee to Grantor, which Grantor acknowledges receiving. A portion of such cash was paid, at Grantee's request, by Metropolitan Life Insurance Company and is evidenced by a note dated of even date herewith, executed by Grantee and payable to the order of Metropolitan Life Insurance Company in the principal amount of Two Million Eight Hundred Thousand Dollars (\$2,800,000.00). The note is secured by a first and superior vendor's lien and superior title retained in this deed in favor of Metropolitan Life Insurance Company and by a first lien deed of trust dated of even date herewith from Grantee to Jerry D. Michel, Trustee.

Property: All of that land described on Exhibit A attached and made a part of this deed, together with all rights, appurtenances, easements, improvements and fixtures thereon or thereto, except as reserved herein.

Subject to the following reservations:

Grantor hereby reserves for itself and its successors and assigns forever, an easement over and across the easement property more particularly described on Exhibit B attached hereto and made a part hereof (the "Easement Property"), to provide free and uninterrupted ingress and egress to and from the real property more particularly described on Exhibit C ("Dominant Estate Property"), to and from the northeast entrance of the Property. This reserved easement is appurtenant to and runs with the Dominant Estate Property and all portions of it, whether or not the easement is referenced in any conveyance of the Dominant Estate Property or any portion of it. The easement is perpetual and binds and inures to the benefit of Grantor and Grantee and their respective successors and assigns, including without limitation, subsequent owners of the Property and the Dominant Estate Property and all portions thereof.

Grantor hereby reserves for itself and its successors and assigns forever, including but not limited to Grantee, the rights to non-exclusive use of the roadway easement described in the Correction Cross Easement Agreement dated October 12, 1976 recorded in Volume 307, Page 397, Deed Records, Val Verde County, Texas, and re-recorded in Volume 365, Page 183, Deed Records, Val Verde County, Texas and being more fully described therein as Exhibit C, Road Easement No. 3, which easement provides ingress and egress to and from the northeast entrance of the Property, to and from State Highway 277. This easement is and continues to be appurtenant to both the Property and the Dominant Estate Property and all portions of them to the extent set forth in the Correction Cross Easement Agreement.

Grantor hereby reserves for itself and its successors and assigns forever, including but not limited to Grantee, the rights to the non-exclusive easement described in the Easement Agreement dated September 4, 1980, recorded in Volume 372, Page 372, Deed Records, Val Verde County, Texas, to the extent set forth in said Easement Agreement.

Grantor hereby reserves for itself and its successors and assigns forever, a conservation easement over and across the Property as set forth in Exhibit D attached hereto and made a part of this deed.

Subject to the following exceptions to conveyance and exclusions from warranty:

Any discrepancies, conflicts, or shortages in area or boundary lines; any protrusions, encroachments or overlapping of improvements.

Any portions of the Property which fall within the boundaries of any road or roadway.

Any and all regulations and ordinances of governmental authorities.

All presently outstanding oil, gas and other minerals and mineral interests, royalty interests and other interests owned by third parties as reflected of record, and any and all mineral leases.

All presently outstanding easements that exist of record, or that are visible and apparent on the ground, as well as all easements and matters shown on the plat of the Property prepared by Charles W. Rothe, R.P.L.S. No. 2453 dated December 10, 2001.

The additional matters set forth on Exhibit E attached hereto and made a part hereof.

Taxes for the year 2001, which Grantee assumes and agrees to pay, and subsequent assessments for that and prior years due to change in land usage, ownership, or both, the payment of which Grantee assumes.

GRANTOR HEREBY CONVEYS THE PROPERTY IN ITS PRESENT "AS IS" CONDITION,  
AND GRANTOR EXPRESSLY DISCLAIMS, AND GRANTEE ACKNOWLEDGES AND ACCEPTS

THAT GRANTOR HAS DISCLAIMED, ANY AND ALL REPRESENTATION, WARRANTIES, OR GUARANTEES, OF ANY KIND, PAST, PRESENT, OR FUTURE, ORAL OR WRITTEN, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW (EXCEPT AS TO TITLE AS HEREIN PROVIDED), OF OR CONCERNING (I) THE NATURE, QUALITY, OR CONDITION OF THE PROPERTY; (II) ANY INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES, REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY; (IV) THE SUITABILITY OR FITNESS OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER; (V) THE MANNER, CONSTRUCTION, CONDITION, AND STATE OF REPAIR OR LACK OF REPAIR OF ANY IMPROVEMENTS LOCATED ON THE PROPERTY, OR THE SURFACE OR SUBSURFACE OF THE PROPERTY, WHETHER OR NOT OBVIOUS, VISIBLE, OR APPARENT, AND THERE IS EXPRESSLY NEGATED ANY WARRANTY AS TO CONDITION, HABITABILITY, FITNESS FOR ANY SPECIFIC OR PARTICULAR PURPOSE, MERCHANTABILITY, OR OTHERWISE; AND (V) ANY REPRESENTATION REGARDING THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OF HAZARDOUS MATERIALS OR HAZARDOUS MATERIAL CONTAMINATION, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS REGARDING SOLID WASTE, AS DEFINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS, OR THE DISPOSAL OR EXISTENCE, IN OR ON THE PROPERTY OF ANY HAZARDOUS SUBSTANCE, AS DEFINED BY THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, AND REGULATIONS PROMULGATED THEREUNDER.

Grantor, for the consideration and subject to the reservations, exceptions to conveyance and exclusions from warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee, Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof (except as to reservations and exceptions above), by, through or under the Grantor, but not otherwise.

Metropolitan Life Insurance Company, at Grantee's request, has paid in cash to Grantor that portion of the purchase price of the Property that is evidenced by the note. The first and superior vendor's lien against and superior title to the Property are retained for the benefit of Metropolitan Life Insurance Company and are transferred to Metropolitan Life Insurance Company without recourse against Grantor.

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

Executed as of the date first set forth above.

**GRANTOR:**

THE NATURE CONSERVANCY

By: [Signature]  
Name: James King  
Title: West Texas Program Manager

STATE OF TEXAS           §  
  §  
COUNTY OF ~~BEKAR~~ <sup>JEFF DAVIS</sup> §

This instrument was acknowledged before me on this 27th day of December 2001, by JAMES KING, West Texas Program Manager of The Nature Conservancy, on behalf of said corporation.



Lynne C. Baldwin  
Notary Public

**AFTER RECORDING RETURN TO:**

Michael D. Hesse  
Hesse & Hesse, L.L.P.  
15303 Dallas Parkway  
Suite 780, LB 25  
Addison, Texas 75001

EXHIBIT A

THE STATE OF TEXAS  
COUNTY OF VAL VERDE

PREPARED FOR: The Nature Conservancy

FIELD NOTES TO DESCRIBE

A survey of 16,655.987 acres of land situated about 25 miles N 09'30' W of Del Rio in Val Verde County, Texas, said 16,655.987 acres having approximate acreage in the following original surveys:

SURVEY NO.	ABSTRACT NO.	BLK. NO.	ORIGINAL GRANTEE	ACRES
7	169		C.C.S.D. & R.G.N.G. RR. Co.	75.161
8	2235	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	529.803
9	170	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	364.945
10	2600	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	605.352
11	171	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	666.258
12	2595	AZ-3	S. H. Henderson	500.223
13	172		C.C.S.D. & R.G.N.G. RR. Co.	623.679
14	2179	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	1.113
15	1762	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	451.039
16	2599	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	458.634
16 ½	3657	AZ-3	S.F. 12350	48.097
17	1764	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	132.037
W ½ 18	2597	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	132.773
19	187	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	618.315
19 ½	3658	AZ-3	S.F. 12351	97.656
19 ¾	3659	AZ-3	S.F. 12352	44.396
N ½ 20	3424	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	311.147
S ½ 20	2598	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	323.792
21	188	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	576.735
22	3356	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	573.464
22 ½	3648	AZ-3	Juan Gonzales	598.495
23	1426	AZ-3	T. C. RR. Co.	4.519
25 ¾	3630	AZ-3	C. P. Scales	145.904
4	2231	AZ-4		91.890
5	44	AZ-4	G.C. & S.F. RR. Co.	45.601
1014	3455		G.C. & S.F. RR. Co.	655.528
1015	1709		G.C. & S.F. RR. Co.	634.143
1016	3278		G.C. & S.F. RR. Co.	631.232
1017	1730		T. C. RR. Co.	652.529
1018	2031		T. C. RR. Co.	672.210
1019	1729		T. C. RR. Co.	672.286
1020	1938		T. C. RR. Co.	898.944
1021	1713		G.C. & S.F. RR. Co.	718.596
1022	2163		G.C. & S.F. RR. Co.	710.913
1023	1760		Henry Barker	690.795
1023 ½	2164		Henry Barker	672.788
1024	1814		John Little	680.218
W ½ 1024 ½	2577		John Little	249.304
E ½ 1024 ½	1986		John Little	95.473
				<u>16,655.987</u>

said 16,655.987 acres of land being a portion of that certain 21,976.630 acre tract of land described in a deed to The Nature Conservancy from Harold W. Nix, et ux, dated October 13, 2000, as recorded in Volume 756 on Page 514 of the Official Public Records of Val Verde County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING:** At a 5/8" iron pin found by a 6" diameter cedar corner post on the recognized East line of said Survey No. 9 and the recognized West line of said Survey No. 8 for the Southwest corner of that certain 94.000 acre tract of land being Tract C of Tuck Ranch Subdivision, a subdivision as shown on a plat thereof recorded on Slide 37 on Sides 73 and 74 of the Plat Records of Val Verde County, Texas, an interior corner of said 21,976.630 acre tract of land, the Southeast corner of a certain 5324.643 acre tract of land, this day surveyed, and an interior corner of this survey;

**THENCE:** Along fence, the South line of said Tuck Ranch Subdivision, and the lower North line of said 21,976.630 acre tract of land, the following courses:

The Nature Conservancy (16,655.987 Acres) - Page 2

S 80-43-10 E 1697.89 feet to an 8" diameter cedar post for an angle point;

N 65-02-16 E 985.47 feet to the centerline of a cattleguard and a 60-foot-wide roadway R.O.W. easement for an angle point;

N 65-08-41 E 667.81 feet to a 6" diameter cedar post for an angle point;

N 69-57-52 E 468.39 feet to a 4" diameter cedar post for an angle point;

S 70-32-28 E 647.34 feet to an angle point; and

N 89-46-09 E 1882.40 feet to a 3" diameter pipe corner post for the lower Northeast corner of said 21,976.630 acre tract of land and the Northeast corner of this survey;

THENCE:

Along fence and the middle East line of said 21,976.630 acre tract of land, the following courses:

S 02-40-35 W at 99.87 feet pass the centerline of a cattleguard, continuing a total distance of 305.43 feet to a 3" diameter pipe corner post for an angle point;

S 37-16-41 E 767.86 feet to a 6" diameter cedar post for an angle point;

S 17-03-08 W 931.93 feet to a 6" diameter cedar post for an angle point;

S 28-30-50 E 1001.29 feet to a 6" diameter cedar post for an angle point;

S 15-42-29 E 810.55 feet to a 6" diameter cedar post for an angle point;

S 07-49-50 W 379.26 feet to a 6" diameter cedar post for an angle point;

S 07-44-52 W 699.62 feet to a 6" diameter cedar post for an angle point;

S 35-12-16 W 1023.27 feet to a 3" diameter pipe post for an angle point;

S 03-36-28 W 337.61 feet to a 3" diameter pipe post for an angle point;

S 67-35-41 E 72.38 feet to a 3" diameter pipe post for an angle point;

S 89-47-10 E 120.83 feet to a 3" diameter pipe post for an angle point;

S 65-27-48 E 693.56 feet to a 6" diameter cedar post for an angle point;

S 05-38-48 E 325.05 feet to a 6" diameter cedar post for an angle point; and

S 71-48-10 E 1528.46 feet to a 4" diameter treated corner post for the North corner of that certain 14.159 acre tract of land described as Exhibit "B" in a Boundary Agreement between Irvin E. Horton, Jr. et al and Harold W. Nix, dated October 13, 2000, as recorded in Volume 758 on Page 716 of the aforementioned Official Public Records, and an exterior corner of this survey;

**THENCE:** Leaving fence, along the middle East line of said 21,976.630 acre tract of land, and the East line of said 14.159 acre tract of land, S 10-52-27 E 2783.82 feet to a 4" diameter treated corner post for the South corner of said 14.159 acre tract of land, the Northwest corner of that certain 13.811 acre tract of land described as Exhibit "A" in the aforementioned Boundary Agreement, and an angle point of this survey, leaving fence, along the middle East line of said 21,976.630 acre tract of land and the West line of said 13.811 acre tract of land, S 10-39-05 E 1390.33 feet to a 4" diameter treated corner post for the Southwest corner of said 13.811 acre tract of land for an angle point of this survey;

**THENCE:** Along fence and the middle East line of said 21,976.630 acre tract of land, S 10-37-37 E 1336.97 feet to a ½" iron pin found by a 4" diameter treated corner post for an angle point in the Northwest line of that certain 1506.22 acre tract of land described in a deed to Irwin E. Horton, Jr. from Edward Howard Wiese and Carol Adeline Wiese, Trustees, dated March 17, 1999, as recorded in Volume 709 on Page 189 of the said Official Public Records, for an angle point of said 21,976.630 acre tract of land and an angle point of this survey;

**THENCE:** Along fence, a Southeast line of said 21,976.630 acre tract of land, and the Northwest line of said 1506.22 acre tract of land, S 44-55-24 W 2017.73 feet to an 8" diameter treated corner post for the recognized Southeast corner of said Survey No. 12, the recognized Northeast corner of Survey No. 4, Abstract No. 2594, S. H. Henderson, original Grantee, the recognized Southwest corner of said Survey No. 4, Block AZ-4, the Northwest corner of said 1506.22 acre tract of land, the upper Northeast corner of that certain 9666.47 acre tract of land described in a deed to Indianhead Ranch, Inc. from B. J. "Red" McCombs, et al, dated June 7, 1982, as recorded in Volume 403 on Page 428 of the Deed Records of Val Verde County, Texas, the upper Southeast corner of said 21,976.630 acre tract of land, and the upper Southeast corner of this survey;

**THENCE:** Along fence, generally along the recognized South line of said Survey No. 12, the recognized South line of said Survey No. 13, the recognized North line of said Survey No. 4, the upper South line of said 21,976.630 acre tract of land, and the middle North line of said 9066.47 acre tract of land, S 89-39-27 W 3478.74 feet to an 8" diameter creosote post for an angle point and S 89-35-21 W 4101.48 feet to a 3" diameter pipe corner post for the recognized Northwest corner of said Survey No. 4, the recognized Northeast corner of said Survey No. 14, an angle point in the South line of said 21,976.630 acre tract of land, an angle point in the middle North line of said 9666.47 acre tract of land, and an angle point of this survey;

**THENCE:** Leaving fence, along the recognized South line of said Survey No. 13, the recognized North line of said Survey No. 14, the middle North line of said 9666.47 acre tract of land, and the upper South line of said 21,976.630 acre tract of land, N 89-22-06 W 648.70 feet to a 2" diameter iron pipe set for the Southeast corner of that certain 104.484 acre tract of land being a portion of that certain 577.252 acre tract of land described in a Boundary Line Agreement to Indianhead Ranch, Inc. from Herman Hospital Estate, dated October 14, 1986, as recorded in Volume 472 on Page 253 of the aforementioned Deed Records, an exterior corner of said 21,976.630 acre tract of land and an exterior corner of this survey;

**THENCE:** Along the East line of said 104.484 acre tract of land and a West line of said 21,976.630 acre tract of land, N 00-40-15 E 732.77 feet to a 2" diameter iron pipe set in fence for the Northeast corner of said 104.484 acre tract of land, an interior corner of said 21,976.630 acre tract of land, and an interior corner of this survey;

**THENCE:** Along fence, the upper South and lower East line of said 21,976.630 acre tract of land, in part along said 577.252 acre boundary, and in part along the boundary of that certain 430.986 acres of land described in the aforementioned Boundary Line Agreement to Herman Hospital Estate from Indianhead Ranch, Inc., dated October 14, 1986, as recorded in Volume 472 on Page 253 of the said Deed Records, and along the boundary as described in said Boundary Line Agreement, the following courses:

S 80-04-15 W 2759.24 feet to a 4" diameter pipe post for an angle point;

S 67-05-41 W 3077.03 feet to a 4" diameter pipe post for an angle point;

S 29-34-49 W 799.89 feet to a 4" diameter pipe post for an angle point;

S 79-17-48 W 1400.45 feet to a 4" diameter pipe post for an angle point;

N 73-08-08 W 271.08 feet to a 3" diameter pipe post on top of a bluff for an angle point;

S 58-40-08 W 429.97 feet to a 6" diameter pipe post for an angle point;

S 40-45-02 W 1732.94 feet to a 6" diameter pipe post for an angle point;

S 17-21-42 W 1934.47 feet to a 6" diameter pipe post for an angle point;

S 23-53-17 W 701.12 feet to a 6" diameter pipe post for an angle point;

S 02-19-42 E 1255.03 feet to a 6" diameter pipe post for an angle point;

S 37-01-10 W 507.26 feet to a 6" diameter pipe post for an angle point;

S 18-39-55 W 536.44 feet to a 5/8" iron pin found in a round concrete marker for an angle point;

S 18-46-06 W 205.39 feet to a 6" diameter pipe post for an angle point;

S 24-54-46 E 358.66 feet to a 5/8" iron pin found in a round concrete marker for an angle point;

S 24-51-04 E 1159.51 feet to a 6" diameter pipe post for an angle point;

S 38-26-03 E 275.69 feet to a 6" diameter pipe post for an angle point;

S 45-13-31 E 294.46 feet to a 6" diameter pipe post for an angle point;

S 49-42-05 E 14.52 feet to a 6" diameter pipe post for an angle point;

S 41-04-40 E 1890.88 feet to a 6" diameter pipe post for an angle point;

S 25-12-09 E 812.98 feet to a 6" diameter pipe post for an angle point;

S 12-00-33 E 803.34 feet to a 5/8" iron pin found in a round concrete marker for an angle point;

S 11-42-16 E 180.92 feet to a 6" diameter pipe post for an angle point;

S 32-52-56 E 1525.82 feet to a 6" diameter pipe post for an angle point;

S 87-26-30 E 836.15 feet to a 6" diameter pipe post for an angle point;

S 38-31-55 E 1635.35 feet to a 6" diameter pipe post for an angle point;

S 38-31-08 E 946.12 feet to a 4" diameter pipe post on the Northwest high bank of Amistad Lake for an angle point; and

S 38-50-32 E 29.70 feet to a point on the 1144.3 Contour Line of said Amistad Lake for the Southwest corner of said Indianhead Ranch, the lower Southeast corner of said Devils River Ranch, the lower Southeast corner of said 21,976.630 acre tract of land, and the lower Southeast corner of this survey;

**THENCE:**

Along the 1144.3 Contour Line of said Amistad Lake, and the Southeast, South, and Southwest line of said 21,976.630 acre tract of land, the following courses:

S 65-03-43 W 1273.80 feet to a stainless steel monument spike for an angle point;

N 85-41-38 W 228.26 feet to an angle point;

S 81-59-43 W 137.66 feet to an angle point;

S 45-23-39 W 79.88 feet to an angle point;

S 12-41-23 E 66.01 feet to an angle point;

N 80-58-59 W 393.09 feet to an angle point;

N 15-58-15 W 127.98 feet to an angle point;

N 44-00-45 W 337.86 feet to an angle point;

N 04-40-23 E 156.78 feet to an angle point;

S 50-04-44 W 99.58 feet to an angle point;

S 10-30-01 E 150.00 feet to an angle point;

S 41-23-10 E 304.88 feet to an angle point;

S 34-07-24 W 75.36 feet to an angle point;

N 87-14-41 W 383.25 feet to an angle point;

N 38-41-46 W 103.30 feet to an angle point;

S 32-08-53 W 100.58 feet to an angle point;

S 77-52-12 W 246.02 feet to an angle point;

N 70-22-55 W 196.58 feet to an angle point;

S 66-49-42 W 74.07 feet to an angle point;

N 41-56-43 W 137.72 feet to an angle point;

The Nature Conservancy (16,655.987 Acres) - Page 6

S 14-03-05 W 121.61 feet to an angle point;  
S 79-19-49 W 885.38 feet to an angle point;  
S 61-00-18 W 697.13 feet to an angle point;  
N 59-23-53 W 149.32 feet to an angle point;  
S 24-17-18 W 201.93 feet to an angle point;  
S 80-42-19 W 422.90 feet to an angle point;  
N 55-56-57 W 383.48 feet to an angle point;  
N 08-14-04 W 482.42 feet to an angle point;  
N 35-35-55 E 75.42 feet to a stainless steel monument  
spike for an angle point;  
N 01-51-55 E 995.04 feet to an angle point;  
N 11-11-05 E 172.51 feet to an angle point;  
N 19-11-48 W 147.86 feet to an angle point;  
N 05-32-38 W 319.92 feet to an angle point;  
N 52-56-48 W 59.00 feet to an angle point;  
S 11-56-12 W 101.48 feet to an angle point;  
S 02-00-17 E 203.00 feet to an angle point;  
N 25-57-25 W 295.26 feet to an angle point;  
N 07-29-09 W 246.14 feet to an angle point;  
N 26-31-20 W 179.83 feet to an angle point;  
S 07-27-24 E 517.49 feet to an angle point;  
S 06-25-00 E 511.23 feet to an angle point;  
S 07-20-00 W 469.53 feet to an angle point;  
S 16-20-01 W 132.91 feet to an angle point;  
S 05-00-00 E 131.80 feet to an angle point;  
S 13-50-29 E 265.47 feet to a stainless steel monument  
spike for an angle point;  
N 89-24-55 W 113.39 feet to an angle point;  
N 39-05-00 W 130.88 feet to an angle point;  
S 04-24-59 E 210.00 feet to an angle point;  
S 14-45-02 E 100.00 feet to an angle point;  
S 02-35-00 E 510.00 feet to an angle point;  
S 52-30-00 E 510.72 feet to an angle point;  
S 86-15-00 E 498.48 feet to an angle point;  
S 79-25-00 E 305.61 feet to an angle point;  
S 86-35-00 E 915.52 feet to an angle point;

N 85-15-00 E 507.63 feet to an angle point;  
N 70-50-00 E 151.65 feet to an angle point;  
N 62-15-00 E 403.26 feet to an angle point;  
N 86-00-00 E 121.85 feet to an angle point;  
S 50-25-00 W 189.26 feet to an angle point;  
N 80-20-00 E 212.92 feet to an angle point;  
N 31-00-01 E 49.83 feet to an angle point;  
N 45-29-38 E 172.05 feet to a stainless steel monument  
spike for an angle point;  
S 82-30-34 E 231.58 feet to a stainless steel monument  
spike for an angle point;  
S 19-46-35 E 48.73 feet to an angle point;  
S 80-00-00 E 407.44 feet to an angle point;  
S 68-21-02 E 101.13 feet to a stainless steel monument  
spike for an angle point;  
S 21-57-01 W 115.04 feet to an angle point;  
S 37-10-00 W 210.22 feet to an angle point;  
N 85-30-00 W 112.99 feet to an angle point;  
S 53-40-00 W 596.95 feet to an angle point;  
S 40-00-00 W 869.98 feet to an angle point;  
N 71-35-01 W 127.41 feet to an angle point;  
S 17-00-00 W 403.34 feet to an angle point;  
S 44-23-56 W 409.26 feet to an angle point;  
N 79-13-45 W 78.14 feet to an angle point;  
N 33-29-59 W 205.68 feet to an angle point;  
N 70-00-02 W 68.59 feet to an angle point;  
S 85-20-00 W 295.42 feet to an angle point;  
N 78-55-49 W 90.06 feet to an angle point;  
N 65-43-11 W 81.49 feet to an angle point;  
S 29-20-00 E 112.21 feet to an angle point;  
S 65-00-01 W 69.36 feet to an angle point;  
N 70-00-00 W 166.57 feet to an angle point;  
S 39-59-59 E 102.11 feet to an angle point;  
S 62-59-59 W 49.58 feet to an angle point;  
S 84-30-01 W 226.54 feet to an angle point;  
S 40-00-00 W 359.99 feet to an angle point;

N 83-59-57 E 68.19 feet to an angle point;  
N 38-00-00 E 293.47 feet to an angle point;  
S 59-50-00 E 171.90 feet to an angle point;  
N 59-30-00 E 292.29 feet to an angle point;  
N 84-30-00 E 194.84 feet to an angle point;  
S 74-59-59 E 127.11 feet to an angle point;  
S 21-45-00 E 209.60 feet to an angle point;  
S 73-39-15 W 257.25 feet to a stainless steel monument  
spike for an angle point;  
S 14-42-35 W 470.34 feet to a stainless steel monument  
spike for an angle point;  
S 62-16-46 W 334.78 feet to an angle point;  
S 58-00-00 W 123.07 feet to an angle point;  
N 79-00-01 W 102.32 feet to an angle point;  
S 07-10-00 W 141.55 feet to an angle point;  
S 52-10-00 W 584.11 feet to an angle point;  
S 74-30-00 W 128.29 feet to an angle point;  
S 28-59-59 W 101.92 feet to an angle point;  
S 59-00-00 W 400.01 feet to an angle point;  
S 82-30-01 W 102.60 feet to an angle point;  
S 32-09-59 W 96.91 feet to an angle point;  
N 86-00-02 E 97.44 feet to an angle point;  
S 14-10-01 W 101.39 feet to an angle point;  
S 53-38-24 W 599.64 feet to a stainless steel monument  
spike for an angle point;  
S 80-46-23 W 448.30 feet to an angle point;  
S 84-35-00 W 512.89 feet to an angle point;  
N 89-35-00 W 717.55 feet to an angle point;  
N 81-34-51 W 447.06 feet to a stainless steel monument  
spike for an angle point;  
N 31-41-56 W 131.94 feet to an angle point;  
S 43-35-02 W 92.08 feet to an angle point;  
N 76-00-00 W 817.96 feet to an angle point;  
N 72-05-00 W 500.51 feet to an angle point;  
N 64-30-00 W 815.39 feet to an angle point;  
N 45-00-00 W 101.21 feet to an angle point;  
S 62-09-59 W 76.95 feet to an angle point;

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N 61-50-00 W 213.86 feet to an angle point;  
N 24-00-00 E 98.25 feet to an angle point;  
N 09-00-00 E 227.28 feet to an angle point;  
N 26-00-00 W 160.61 feet to an angle point;  
S 08-15-01 W 156.98 feet to an angle point;  
S 01-15-55 E 172.32 feet to an angle point;  
S 62-49-20 W 160.13 feet to an angle point;  
N 64-30-00 W 942.26 feet to an angle point;  
N 50-00-00 W 141.73 feet to an angle point;  
S 85-00-00 W 68.29 feet to an angle point;  
N 69-19-52 W 338.20 feet to a stainless steel monument  
spike for an angle point;  
N 15-40-28 E 72.14 feet to an angle point;  
S 75-00-01 W 83.75 feet to an angle point;  
N 56-27-36 W 914.48 feet to a stainless steel monument  
spike for an angle point;  
N 28-25-52 E 88.17 feet to an angle point;  
N 26-15-01 E 164.37 feet to an angle point;  
N 86-00-00 E 153.45 feet to an angle point;  
N 06-15-00 E 99.98 feet to an angle point;  
S 79-00-04 W 27.88 feet to an angle point;  
S 13-00-00 W 77.72 feet to an angle point;  
N 86-45-01 W 93.16 feet to an angle point;  
S 53-00-00 W 140.50 feet to an angle point;  
S 24-45-00 W 172.61 feet to an angle point;  
N 48-00-00 W 670.16 feet to an angle point;  
N 45-20-00 W 614.42 feet to an angle point;  
N 43-58-52 W 1065.62 feet to a stainless steel monument  
spike set for an angle point;  
N 40-06-05 W 368.09 feet to an angle point;  
N 22-30-00 W 226.72 feet to an angle point;  
N 40-00-00 W 48.28 feet to an angle point;  
S 38-29-58 W 75.72 feet to an angle point;  
N 36-46-40 W 307.25 feet to a stainless steel monument  
spike for an angle point;  
N 51-03-07 W 129.61 feet to an angle point;

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N 32-06-16 W 1290.80 feet to a stainless steel monument spike for an angle point;

N 20-49-19 E 490.87 feet to an angle point;

N 07-59-59 W 130.45 feet to an angle point;

S 67-00-02 W 37.24 feet to an angle point;

N 28-20-00 W 391.51 feet to an angle point;

N 40-37-01 E 133.38 feet to an angle point;

N 64-36-01 E 118.45 feet to an angle point;

N 89-15-16 E 112.68 feet to an angle point;

N 68-00-00 W 91.80 feet to an angle point;

S 78-29-59 W 90.53 feet to an angle point;

S 55-00-00 W 146.46 feet to an angle point;

N 61-29-59 W 92.39 feet to an angle point;

N 30-24-00 E 277.64 feet to an angle point;

N 39-29-09 W 745.63 feet to an angle point;

N 25-00-00 W 194.49 feet to an angle point;

S 61-00-02 W 72.91 feet to an angle point;

N 19-00-00 E 156.49 feet to an angle point;

N 70-00-00 E 174.86 feet to an angle point;

N 04-59-59 W 80.41 feet to an angle point;

S 74-10-00 W 163.08 feet to an angle point;

N 32-09-35 W 432.69 feet to an angle point;

N 19-00-14 W 490.96 feet to an angle point;

N 07-33-43 W 744.26 feet to a stainless steel monument spike for an angle point;

N 01-58-38 E 1055.50 feet to a stainless steel monument spike for an angle point;

N 07-15-35 W 1211.34 feet to a 5/8" iron pin set for an angle point; and

N 16-38-48 W 1098.05 feet to a point on the East boundary line of the Devils River for an angle point;

THENCE:

Along the East boundary line of said Devils River, and the West and Southwest line of said 21,976.630 acre tract of land, the following courses:

N 15-00-26 W 1795.96 feet to an angle point;

N 24-16-19 W 1685.44 feet to an angle point;

N 19-08-13 W 1231.02 feet to an angle point;

N 22-14-17 W 1193.65 feet to an angle point;

N 35-00-42 W 3678.36 feet to an angle point;

N 42-57-58 W 2311.27 feet to an angle point;

N 33-02-28 W 1420.90 feet to an angle point;

N 12-34-29 W 669.37 feet to an angle point;

N 13-00-21 E 2523.21 feet to an angle point;

N 29-25-16 E 1919.26 feet to an angle point;

N 32-02-03 E 2002.13 feet to an angle point;

N 28-36-37 E 2223.36 feet to an angle point;

N 24-25-48 E 1021.57 feet to a point on the projection of the recognized South line of Survey No. 1013, Abstract No. 1710, G.C. & S.F. RR. Co., original Grantee, and the recognized North line of said Survey No. 1014 for the Southwest corner of that certain property described in a deed to Robert S. Corbin and Gena Pivatto from Douglas Reed, et ux, dated January 21, 1997, as recorded in Volume 655 on Page 415 of the said Official Public Records, an exterior corner of said 21,976.630 acre tract of land, and the lower Northwest corner of this survey;

THENCE: Along the recognized South line of said Survey No. 1013 and the recognized North line of said Survey No. 1014, and an interior North line of said 21,976.630 acre tract of land, said line being about 61 1/2 feet South of an existing fenceline, N 89-48-18 E at 6335.56 feet cross said fence, now running North of said fence at 8344.44 feet again cross said fence, now running South of said fence, at 9084.26 feet pass an 8" diameter cedar corner post in fence, continuing a total distance of 10,880.18 feet to a recognized Southeast corner of said Survey No. 1013, an interior corner of said 21,976.630 acre tract of land, and an interior corner of this survey;

THENCE: Along the recognized East line of said Survey No. 1013, and a West line of said 21,976.630 acre tract of land, N 00-11-42 W at 1317.97 feet cross the aforementioned fenceline, continuing a total distance of 2617.82 feet to a point on the recognized South line of Survey No. 1012, Abstract No. 3433, G.C. & S.F. RR. Co., original Grantee, for the recognized Northeast corner of said Survey No. 1013, an exterior corner of said 21,976.630 acre tract of land, and an exterior corner of this survey;

THENCE: Along the recognized South line of said Survey No. 1012, an interior North line of said 21,976.630 acre tract of land, N 89-48-18 E at 379.84 feet again cross said fence, continuing a total distance of 707.48 feet to the recognized Southeast corner of said Survey No. 1012, an interior corner of said 21,976.630 acre tract of land, and an interior corner of this survey;

THENCE: Along the recognized East line of said Survey No. 1012, and a West line of said 21,976.630 acre tract of land, N 00-11-42 W 1284.96 feet to a point for the lower Southwest corner of said 5324.643 acre tract of land and the upper Northwest corner of this survey;

THENCE: Along the Southwest and Southeast line of said 5324.643 acre tract of land, the following courses:

S 57-48-51 E 832.39 feet to a 5/8" iron pin set on the edge of a bluff for an angle point;

S 46-50-24 E 275.04 feet to a 5/8" iron pin set for an angle point;

S 68-32-45 E 241.91 feet to a 5/8" iron pin set for an angle point;

S 50-23-09 E 745.46 feet to a 5/8" iron pin set for an angle point;

S 72-00-11 E 525.83 feet to a 5/8" iron pin set for an angle point;

S 07-28-56 W 1344.54 feet to a 5/8" iron pin set for an angle point;

S 54-55-12 E 3311.44 feet to a 5/8" iron pin set in fence by an 8" diameter cedar post for an angle point;

Along fence, S 09-47-35 E 831.22 feet to a 5/8" iron pin set by a 6" diameter cedar post for an angle point;

Leaving fence, S 69-05-04 E 2049.47 feet to a 5/8" iron pin set for an angle point;

N 55-14-28 E 903.90 feet to a 5/8" iron pin set by a 6" diameter cedar post for an angle point;

Along fence, N 24-21-23 E 1159.52 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, N 36-44-29 E 1100.62 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, N 59-38-43 E 1081.03 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Leaving fence, N 71-41-49 E 2343.25 feet to a 5/8" iron pin set for an angle point; and

N 73-23-37 E 1452.10 feet to the POINT OF BEGINNING.

The bearings are relative to the bearings along the boundary line described in the aforementioned Boundary Line Agreement between Herrman Hospital Estate and Indianhead Ranch, Inc., particularly between two 4" diameter pipe posts having a bearing and distance of S 67-05-41 W 3077.03 feet.

I certify that the foregoing field note description was prepared from an actual survey made under my supervision on the ground and that same is true and correct. Witness my hand and seal this the 17<sup>th</sup> day of December 2001.

*Charles W. Rothe*

Charles W. Rothe  
Registered Professional Surveyor No. 2453  
1705 Avenue K, P. O. Box 426  
Hondo, Texas 78861  
Ph. (830) 426-3005  
FAX (830) 426-8160

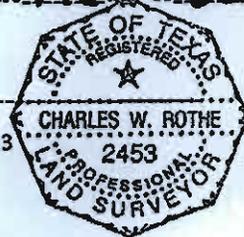


EXHIBIT B  
Easement Property

THE STATE OF TEXAS  
COUNTY OF VAL VERDE

PREPARED FOR: The Nature Conservancy

FIELD NOTES TO DESCRIBE

A survey of the centerline of a 30-foot-wide Ingress-Egress Easement situated about 25 miles N 09°30' W of Del Rio, in Val Verde County, Texas, said Easement lying within Survey No. 7, Abstract No. 169, C.C.S.D. & R.G.N.G. RR. Co., original Grantee, Survey No. 8, Abstract No. 2235, C.C.S.D. & R.G.N.G. RR. Co., original Grantee, and Survey No. 9, Abstract No. 170, C.C.S.D. & R.G.N.G. RR. Co., original Grantee, lying within a certain 16,655.987 acre tract of land, this day surveyed, said 16,655.987 acre tract of land being a portion of that certain 21,976.630 acre tract of land described in a deed to The Nature Conservancy from Harold W. Nix, et ux, dated October 13, 2000, as recorded in Volume 756 on Page 514 of the Official Public Records of Val Verde County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING:** At a point on the centerline of a cattleguard on the middle East line of said 21,976.630 acre tract of land from which a 3" diameter pipe corner post for the Northeast corner of said 16,655.987 acre tract of land bears N 01-50-21 E 99.87 feet;

**THENCE:** Along the centerline of an existing ranch road, the following courses:

S 86-20-05 W 1215.81 feet to an angle point;

N 77-28-51 W 113.83 feet to an angle point;

N 71-59-07 W 165.31 feet to an angle point;

N 80-21-05 W 285.58 feet to an angle point;

N 81-32-21 W 235.60 feet to an angle point;

S 74-30-37 W 428.00 feet to an angle point;

S 71-26-14 W 1066.61 feet to an angle point;

S 73-01-00 W 1144.36 feet to an angle point;

N 87-39-16 W 151.78 feet to an angle point;

N 78-00-40 W 1395.65 feet to an angle point;

S 80-53-38 W 74.41 feet to the center of a cattleguard for an angle point;

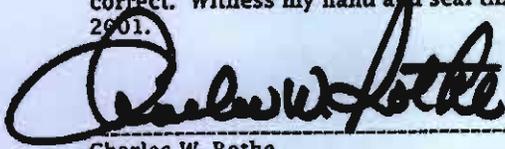
S 77-02-11 W 1355.07 feet to an angle point;

S 71-47-36 W 2167.43 feet to the point-of-intersection of an existing ranch road to the North; and

Along said existing ranch road to the North, N 26-27-17 W 54.14 feet to a point on the North line of said 16,655.987 acre tract of land and the South line of a certain 5324.643 acre tract of land, this day surveyed, for the Terminus Point of the centerline of this 30-foot-wide Ingress-Egress Easement from which a 5/8" iron pin found by a 6" diameter cedar corner post for an angle point in the North line of said 16,655.987 acre tract of land and the Southeast corner of said 5324.643 acre tract of land bears N 72-23-13 E 3570.96 feet.

The bearings are relative to the bearing along the East line of said 5324.643 acre tract of land between a 3" diameter pipe post at the Northeast corner and said 5/8" iron pin found by a 6" diameter cedar post at the Southeast corner having a bearing and distance of S 00-13-37 W 11,315.78 feet.

I certify that the foregoing field note description was prepared from an actual survey made under my supervision on the ground and that same is true and correct. Witness my hand and seal this the 19<sup>th</sup> day of December, 2001.



Charles W. Rothe  
Registered Professional Surveyor No. 2453  
1705 Avenue K, P. O. Box 426  
Hondo, Texas 78861  
Ph. (830) 426-3005  
FAX (830) 426-8160

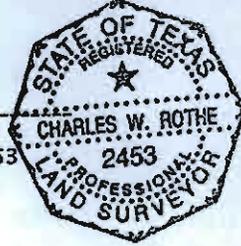


EXHIBIT C  
Dominant Estate Property

THE STATE OF TEXAS  
COUNTY OF VAL VERDE

PREPARED FOR: The Nature Conservancy

FIELD NOTES TO DESCRIBE

A survey of 5324.643 acres of land being all of that certain 5324.643 acres of land hereinafter described save and except that certain 4 acres of land, more or less, described in a deed to A. S. Stover, et ux from Ford Smith, dated April 6, 1988, as recorded in Volume 494 on Page 77 of the Deed Records of Val Verde County, Texas, situated about 25 miles N 09'30' W of Del Rio in Val Verde County, Texas, said 21,980.630 acres having approximate acreage in the following original surveys:

SURVEY NO.	ABSTRACT NO.	BLK. NO.	ORIGINAL GRANTEE	ACRES
2	3939	AZ-3	G.C. & S.F. RR. Co.	3.232
3	544	AZ-3	G.C. & S.F. RR. Co.	609.134
9	170	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	242.940
21	188	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	74.733
22	3356	AZ-3	C.C.S.D. & R.G.N.G. RR. Co.	154.277
23	1426	AZ-3	T. C. RR. Co.	731.227
24	3286	AZ-3	T. C. RR. Co.	686.106
25	1427	AZ-3	T. C. RR. Co.	71.813
25 ½	3471	AZ-3	G. W. Patton	415.695
25 ¾	3630	AZ-3	C. P. Scales	388.153
1008	2683		G.C. & S.F. RR. Co.	47.936
1009	1715		G.C. & S.F. RR. Co.	594.451
1010	3088		G.C. & S. F. RR. Co.	686.505
1011	1714		G.C. & S.F. RR. Co.	618.441
Total				5324.643

said 5324.643 acres of land being a portion of that certain 21,976.630 acre tract of land described in a deed to The Nature Conservancy from Harold W. Nix, et ux, dated October 13, 2000, as recorded in Volume 756 on Page 514 of the Official Public Records of Val Verde County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING:** At a 3" diameter pipe corner post on the South line of a certain County Road for the upper Northeast corner of said 21,976.630 acre tract of land at or near the recognized Northwest corner of a certain 117.92 acre tract of land described as Tract "J" of Tuck Ranch Subdivision, a subdivision as shown on a plat thereof recorded on Slide 37, Sides 73 and 74 of the Plat Records of Val Verde County, Texas, and the Northeast corner of this survey;

**THENCE:** For the most part along a fence, on or near the recognized East lines of said Survey Nos. 25, 24, 3, and 9, and the recognized West line of said Survey No. 2, Survey No. 1, Abstract No. 543, Block AZ-3, G.C. & S.F. RR. Co., original Grantee, Survey No. 4, Abstract No. 2956, Block AZ-3, G.C. & S.F. RR. Co., original Grantee, and Survey No. 8, along the upper East line of said 21,976.630 acre tract of land, and the West line of said Tuck Ranch Subdivision, the following courses:

S 00-12-53 W 3821.96 feet to a 4" diameter cedar post for an angle point;

S 00-29-37 W 3946.19 feet to a fence post for an angle point;

S 00-03-02 E 3413.01 feet to a fence post for an angle point; and

S 00-13-22 E 134.70 feet to a 5/8" iron pin set by a 6" diameter cedar corner post for the Southwest corner of that certain 94.00 acre tract of land, more or less, described as Tract "D" of the aforementioned Tuck Ranch Subdivision, an interior corner of said 21,976.630 acre tract of land, an angle point in the North line of a certain 16,655.987 acre tract of land, this day surveyed, and an interior corner of this survey from which the centerline of a cattleguard bears S 00-00-20 E 147.81 feet;

THENCE: Along the North line of said 16,665.987 acre tract of land, the following courses:

S 73-23-37 W 1452.10 feet to a 5/8" iron pin set for an angle point;

S 71-41-49 W 2343.25 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, S 59-38-43 W 1081.03 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, S 36-44-29 W 1100.62 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, S 24-21-23 W 1159.52 feet to a 5/8" iron pin set by a 6" diameter cedar post for an angle point;

Leaving fence, S 55-14-28 W 903.90 feet to a 5/8" iron pin set for an angle point;

N 69-05-04 W 2049.47 feet to a 5/8" iron pin set by a 6" diameter cedar post for an angle point;

Along fence, N 09-47-35 W 831.22 feet to a 5/8" iron pin set in fence by an 8" diameter cedar post for an angle point;

Leaving fence, N 54-55-12 W 3311.44 feet to a 5/8" iron pin set for an angle point;

N 07-28-56 E 1344.54 feet to a 5/8" iron pin set for an angle point;

N 72-00-11 W 525.83 feet to a 5/8" iron pin set for an angle point;

N 50-23-09 W 745.46 feet to a 5/8" iron pin set for an angle point;

N 68-32-45 W 241.91 feet to a 5/8" iron pin set for an angle point;

N 46-50-24 W 275.04 feet to a 5/8" iron pin set on the edge of a bluff for an angle point; and

N 57-48-51 W 832.39 feet to a point on the recognized East line of Survey No. 1012, Abstract No. 3433, G.C. & S.F. RR. Co., original Grantee, a middle West line of said Survey No. 25  $\frac{1}{4}$ , and a West line of said 21,976.630 acre tract of land for the upper Northwest corner of said 16,655.987 acre tract of land, and the lower Southwest corner of this survey;

THENCE: Along the recognized East line of said Survey No. 1012, and a West line of said 21,976.630 acre tract of land, N 00-11-42 W 1453.06 feet to the recognized Northeast corner of said Survey No. 1012 and the recognized Southeast corner of said Survey No. 1011 for an interior corner of said 21,976.630 acre tract of land and an interior corner of this survey;

THENCE: Along the recognized North line of said Survey No. 1012, the recognized South line of said Survey No. 1011, and an interior South line of said 21,976.630 acre tract of land, S 89-48-18 W at 222.00 feet cross said fence at a point 243.10 feet South of a 6" diameter cedar corner post, continuing a total distance of 10,037.05 feet to a point on the East boundary line of said Devils River for the recognized Northwest corner of said Survey No. 1012, the recognized Southwest corner of Survey No. 1011, an exterior corner of said 21,976.630 acre tract of land, and an exterior corner of this survey;

**THENCE:** Along the East boundary line of said Devils River and the upper West boundary line of said 21,976.630 acre tract of land, the following courses:

N 06-30-26 E 1649.51 feet to an angle point;  
N 11-36-59 E 1797.21 feet to an angle point;  
N 33-39-25 E 437.81 feet to an angle point;  
N 52-02-30 E 800.40 feet to an angle point;  
N 46-06-41 E 1369.98 feet to an angle point;  
N 42-13-33 E 1909.87 feet to an angle point;  
N 16-00-33 E 2084.07 feet to an angle point; and

In part along the West line of said 4 acres of land, more or less, N 45-48-24 E 1325.96 feet to a 3" diameter pipe post at the end of a fence for the Northwest corner of said 4 acres of land, more or less, and the Northwest corner of this survey;

**THENCE:** Along an existing fenceline, in part along the Northeast line of said 4 acres of land, more or less, said fenceline being on or near a Northeast and Northwest line of said 21,976.630 acre tract of land, the following courses:

S 47-58-47 E 65.86 feet to a 3" diameter pipe post on the Southeast high bank of the Devils River for an angle point;

S 45-17-24 E 227.84 feet to a 3" diameter pipe post for an angle point;

S 44-28-33 E 317.44 feet to a 3" diameter pipe corner post for an interior corner of this survey;

N 71-30-41 E 311.14 feet to a 3" diameter pipe post for an angle point;

N 47-23-16 E 176.63 feet to a 3" diameter pipe corner post on the Southwest line of a 50-foot-wide Ingress-Egress Easement described in an Easement Agreement to the property owners from T. W. Land, Ltd., dated July 9, 1988, as recorded in Volume 643 on Page 804 of the Official Public Records of Val Verde County, Texas, for an exterior corner of this survey;

**THENCE:** Along an existing fenceline and the North line of said 21,976.630 acre tract of land, the following courses:

S 40-57-37 W 3.70 feet to a 3" diameter pipe post for an angle point;

S 54-19-47 E 94.94 feet to a 3" diameter pipe post for an angle point;

S 20-39-13 E 154.18 feet to a 3" diameter pipe post for an angle point;

S 04-20-31 W 205.40 feet to a 3" diameter pipe post for an angle point;

S 08-27-37 E 192.16 feet to a 3" diameter pipe post for an angle point;

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S 33-25-32 E 145.89 feet to a 3" diameter pipe post for an angle point;

S 21-44-18 W 156.94 feet to a 3" diameter pipe post for an angle point;

S 23-52-26 E 126.13 feet to a 3" diameter pipe post for an angle point;

S 65-53-08 E 317.71 feet to a 3" diameter pipe post for an angle point;

S 55-11-03 E 122.41 feet to a 3" diameter pipe post for an angle point;

S 66-15-51 E 161.43 feet to a 3" diameter pipe post for an angle point;

S 70-35-07 E 417.03 feet to a 3" diameter pipe post for an angle point;

S 82-49-51 E 146.98 feet to a 3" diameter pipe post for an angle point;

S 87-07-47 E 164.91 feet to a 3" diameter pipe post for an angle point;

N 89-24-18 E 308.91 feet to a 3" diameter pipe post for an angle point;

N 75-36-10 E 412.83 feet to a 3" diameter pipe post for an angle point;

S 78-30-57 E 146.96 feet to a 3" diameter pipe post for an angle point;

S 82-33-52 E 234.79 feet to a 3" diameter pipe post for an angle point;

N 44-53-14 E 185.88 feet to a 3" diameter pipe post for an angle point;

N 71-51-39 E 147.33 feet to a 3" diameter pipe post for an angle point;

N 85-37-57 E 252.79 feet to a 3" diameter pipe post for an angle point;

S 67-48-33 E 168.95 feet to a 3" diameter pipe post for an angle point;

S 81-12-36 E 290.72 feet to a 3" diameter pipe post for an angle point;

N 88-18-00 E 403.95 feet to a 3" diameter pipe post for an angle point;

N 81-08-18 E 201.41 feet to a 3" diameter pipe post for an angle point;

N 71-05-01 E 140.23 feet to a 3" diameter pipe post for an angle point;

N 54-49-58 E 92.08 feet to a 3" diameter pipe post for an angle point;

N 35-10-55 E 188.08 feet to a 3" diameter pipe post for an angle point;

N 52-16-44 E 174.64 feet to a 3" diameter pipe post for an angle point;

N 75-35-44 E 293.15 feet to a 3" diameter pipe post for an angle point;

S 83-22-38 E 290.95 feet to a 3" diameter pipe post for an angle point;

S 64-30-06 E 250.31 feet to a 3" diameter pipe post for an angle point;

S 35-59-41 E 170.62 feet to a 3" diameter pipe post for an angle point;

S 56-20-14 E 258.14 feet to a 3" diameter pipe post for an angle point;

S 49-04-05 E 139.41 feet to a 3" diameter pipe post for an angle point;

S 53-59-40 E 249.51 feet to a 3" diameter pipe post for an angle point;

S 34-35-21 E 107.02 feet to a 3" diameter pipe post for an angle point;

S 24-31-47 E 312.97 feet to a 3" diameter pipe post for an angle point;

S 01-21-37 E 142.00 feet to a 3" diameter pipe post for an angle point;

S 48-27-44 E 119.88 feet to a 3" diameter pipe post for an angle point;

N 73-54-54 E 190.74 feet to a 3" diameter pipe post for an angle point;

S 73-23-22 E 174.25 feet to a 3" diameter pipe post for an angle point;

S 79-46-02 E 189.97 feet to a 3" diameter pipe post for an angle point;

S 50-43-24 E 77.28 feet to a 3" diameter pipe post for an angle point;

S 69-11-40 E 99.57 feet to a 3" diameter pipe post for an angle point;

N 75-29-22 E 167.07 feet to a 3" diameter pipe post for an angle point;

S 75-57-26 E 196.00 feet to a 3" diameter pipe post for an angle point;

S 82-13-37 E 110.55 feet to a 3" diameter pipe post for an angle point;

N 77-03-17 E 189.45 feet to a 3" diameter pipe post for an angle point;

S 84-14-42 E 142.96 feet to a 3" diameter pipe post for an angle point;

N 71-48-44 E 98.81 feet to a 3" diameter pipe post for an angle point;

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N 56-29-08 E 437.69 feet to a 3" diameter pipe post for an angle point;

N 81-38-50 E 148.33 feet to a 3" diameter pipe post for an angle point;

N 61-42-10 E 418.11 feet to a 3" diameter pipe post for an angle point;

N 72-24-56 E 139.24 feet to a 3" diameter pipe post for an angle point;

S 87-46-29 E 88.47 feet to a 3" diameter pipe post for an angle point;

S 64-29-03 E 137.03 feet to a 4" diameter pipe post for an angle point;

N 21-08-51 E 241.65 feet to a 4" diameter pipe post for an angle point;

S 54-01-43 E 258.86 feet to a 4" diameter pipe post for an angle point;

S 71-26-08 E 423.54 feet to a 4" diameter pipe post for an angle point;

S 20-52-47 E 256.64 feet to a 4" diameter pipe post for an angle point;

S 37-54-35 E 215.20 feet to a 4" diameter pipe post at the North end of an entrance gate for an angle point;

Across said entrance, S 06-35-47 W 50.46 feet to a 4" diameter pipe post at the South end of said entrance gate for an angle point;

S 70-21-01 E 111.34 feet to a 4" diameter pipe post for an angle point;

S 67-19-57 E 315.33 feet to a 4" diameter pipe post for an angle point;

N 86-47-19 E 99.16 feet to a 4" diameter pipe post for an angle point;

N 78-03-54 E 264.27 feet to a 4" diameter pipe post for an angle point;

N 54-15-30 E 305.66 feet to a 4" diameter pipe post for an angle point;

N 86-30-31 E 629.39 feet to a 4" diameter pipe post for an angle point;

N 84-04-44 E 513.56 feet to a 4" diameter pipe post for an angle point;

S 73-07-16 E 222.07 feet to a 4" diameter pipe post for an angle point;

S 78-25-24 E 438.28 feet to a 4" diameter pipe post for an angle point;

S 87-25-44 E 252.20 feet to a 4" diameter pipe post for an angle point;

N 83-57-37 E 615.91 feet to a 4" diameter pipe post for an angle point; and

N 88-12-12 E 361.09 feet to a 4" diameter pipe post on the South line of the aforementioned County Road for the eastern terminus of said 50-foot-wide Ingress-Egress Easement and an angle point of this survey;

THENCE: Along fence and the South line of said County Road, the following courses:

S 80-59-00 E 676.16 feet to a 4" diameter pipe post for an angle point;

S 77-48-20 E 481.18 feet to a 4" diameter pipe post for an angle point;

N 88-50-33 E 231.41 feet to a 4" diameter pipe post for an angle point;

N 83-47-36 E 187.73 feet to a 4" diameter pipe post for an angle point;

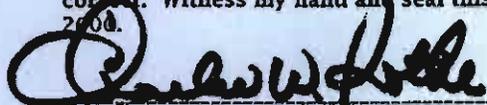
N 62-02-17 E 262.48 feet to a 4" diameter pipe post for an angle point;

N 57-51-58 E 652.99 feet to a 4" diameter pipe post for an angle point; and

N 65-34-16 E 987.96 feet to the POINT OF BEGINNING.

The bearings are relative to the bearing between a 3" pipe corner post at the Northeast corner of this survey and a 5/8" iron pin found by a 6" cedar corner post at the Southeast corner of this survey having a bearing and distance of S 00-13-37 W 11,315.78 feet.

I certify that the foregoing field note description was prepared from an actual survey made under my supervision on the ground and that same is true and correct. Witness my hand and seal this the 17<sup>th</sup> day of December 2000.



Charles W. Rothe  
Registered Professional Surveyor No. 2453  
1705 Avenue K, P. O. Box 426  
Hondo, Texas 78861  
Ph. (830) 426-3005  
FAX (830) 426-8160



EXHIBIT D  
TO DEED FROM THE NATURE CONSERVANCY TO DEVIL'S RIVER RANCH, L.L.C.

RESERVATION OF CONSERVATION EASEMENT

STATE OF TEXAS           §  
COUNTY OF VAL VERDE §

The property described in the deed to which this exhibit is attached (hereinafter referred to as the "Property") is a pristine natural habitat of fish, wildlife, plants and ecological communities. The specific conservation values of the Property are or will be set forth in a Conservation Easement Documentation Report prepared or to be prepared by The Nature Conservancy ("Conservancy") and signed and acknowledged by Devil's River Ranch, L.L.C., a Texas limited liability company ("Grantee"). The Conservancy and Grantee have the common desire and purpose to protect the conservation values of the Property described in the documentation report and wish to create a conservation easement in favor of the Conservancy pursuant to Chapter 183 of the Texas Natural Resources Code, et. seq.

NOW, THEREFORE, the Conservancy hereby reserves and retains a conservation easement in perpetuity over the Property of the nature and character as follows:

1.     **PURPOSE.** The purpose of this Conservation Easement is to ensure that the Property will be retained forever predominantly in its natural and scenic condition; to protect native plants, animals, or plant communities on the Property; to prevent any use of the Property that will significantly impair or interfere with the conservation values of the Property described above, while allowing for traditional uses on the Property that are compatible with and not destructive of the conservation values of the Property, such as limited residential construction, ranching and farming of existing pastures and fields, outdoor recreation, fishing, and hunting.

Grantee will not perform, nor knowingly allow others to perform, any act on or affecting the Property that is inconsistent with the purposes of this Conservation Easement. However, unless otherwise specified below, nothing in this Conservation Easement shall require the Grantee to take any action to restore the condition of the Property after any act of God or other event over which Grantee had no control. Grantee understands that nothing in this Conservation

Easement relieves them of any obligation or restriction on the use of the Property imposed by law.

2. **PROPERTY USES.** Any activity on or use of the Property inconsistent with the purposes of this Conservation Easement is prohibited. Without limiting the generality of the foregoing, the following is a listing of activities and uses which are expressly prohibited or which are expressly allowed. The Conservancy and Grantee have determined that the allowed activities do not impair the conservation values of the Property. Additional retained rights of Grantee are set forth in Paragraph 3 below.

2.1 Subdivision. The Property may not be divided, subdivided or partitioned.

2.2 Construction. Grantee shall have the right to construct two additional residences and associated outbuildings on the Property. Grantee may construct driveways, utilities, and a well to serve two new residences. All improvements shall be sited as to cause the least disturbance to the conservation values of the Property and the landscape of the Devils River watershed. The location of each residences shall be subject to the approval of the Conservancy, which approval shall not be unreasonably withheld. Outside existing and new residences, structures shall be limited to traditional ranching improvements to the Devils River area such as fences, corrals, pens, water wells, hunting blinds, fishing pavilion, and water tanks and troughs. Septic systems and leach fields will meet county codes and other applicable law, and will not be built or installed within 200 feet of the Devils River or tributary. Materials used in construction of any improvements shall be non-reflective and compatible with the scenic character of the Property. Grantee may construct driveways, utilities and a well to serve the new buildings. No other structures may be placed or constructed on the Property. Furthermore, there shall be no constructing or placing of any new airplane landing strip, utility pole (other than those necessary to service the Property's improvements), utility tower, conduit or line on or above the Property. Outdoor lighting shall be placed and shielded so as to minimize the impact on surrounding areas. Notwithstanding the foregoing, Grantee shall at all times use best efforts and practices in the

construction of improvements to have limited impact on the conservation values of the Property.

- 2.3 Existing Improvements. Grantee shall have the right to maintain, remodel, and repair existing structures, water tanks, fences, corrals, water wells, header dams, utilities, and other improvements, and in the event of their destruction, to reconstruct any such existing improvements with another of similar size, function, capacity, location and material.
- 2.4 Mineral Extraction. Extraction of subsurface minerals may be accomplished only by extraction methods that will have a limited and localized impact on, and not significantly impair or interfere with the conservation values of the Property and the purposes of this Conservation Easement. Without limiting the generality of the foregoing, minerals shall not be extracted by any surface mining methods. The extractor shall at all times use best efforts and practices to prevent damage or impairment of natural values and shall restore any area damaged to its original condition. All extraction facilities must be concealed or otherwise located so as to be compatible with existing topography and landscape to the greatest extent practical. The Conservancy must be given written notice of any mineral extraction thirty (30) days prior to beginning any work. All surface mining on the Property is strictly prohibited.
- 2.5 Agricultural Use. Grantee shall have the right to i) breed, raise and pasture livestock in accordance with 2.7 below, ii) to breed and raise bees for the production of honey, iii) to plant, raise and harvest crops in existing fields on the Property and iv) to perform primary processing, store and sell, including direct sales to the public, of crops and products harvested and produced principally on the Property. Grantee may not establish or maintain any commercial feedlot on the Property, which is defined for the purpose of this Conservation Easement as a confined area or facility within which the land is not grazed or cropped at least annually and which is used to receive livestock that has been raised off the Property for feeding and fattening for market.

- 2.6 Roads. Grantee shall have the right to maintain existing roads. New roads are discouraged; however, Grantee shall also have the right to develop new roads subject to the Conservancy's approval.
- 2.7 Grazing. Grantee shall have the right to graze and pasture domestic animals except sheep or goats pursuant to a Grazing Plan, to be updated at least every five years, that is prepared by a range management specialist and approved by the Conservancy, and that is designed to ensure the maintenance of good rangeland health and a quality mix of native grasses, forbs, shrubs and woodland vegetation, while protecting soil stability, water quality and other conservation values of the Property. Introduction of exotic animals is not allowed except for domestic livestock as allowed in the Grazing Plan.
- 2.8 Home Businesses. Any business that is conducted by, and in the home of, a person residing on the Property, is allowed.
- 2.9 Recreational Uses. Grantee shall have the right to engage in and permit others to engage in recreational uses of the Property, including, without limitation, hunting and fishing, that require no surface alteration or other development of the land.
- 2.10 Excavation. Except as necessary to accommodate construction of the improvements allowed above, maintenance of existing roads, hiking and horseback trails, and other activities expressly permitted under this Conservation Easement, there shall be no ditching, draining, diking, filling, excavating, dredging, removal of topsoil, sand, gravel, rock, minerals or other materials, mining, drilling or removal of minerals, nor any building of roads or change in the topography of the Property or disturbance in the soil in any manner. Existing caliche pits for road maintenance shall be allowed; however, any new pits for road or construction materials including location, size, and depth must be approved by the Conservancy.
- 2.11 Destruction of Plants, Disturbance of Natural Habitat. Grantee shall have the right to cut and remove diseased or exotic trees, shrubs, or plants, and to cut firebreaks, subject to the prior approval of the Conservancy, except that such approval shall not be required in case of emergency firebreaks. Grantee shall also have the right to cut and remove trees, shrubs or plants to accommodate the

activities expressly permitted under this Conservation Easement. There shall be no additional removal, harvesting, destruction or cutting of native trees, shrubs or plants. Except for use around improvements, in approved food plots allowed in the Grazing Plan, or in gardens there shall be no planting of non-native trees, shrubs or plants on the Property. Furthermore, except to accommodate the activities expressly permitted under this Conservation Easement there shall be no use of fertilizers, plowing, introduction of non-native animals or plants, or disturbance or change in the natural habitat in any manner.

- 2.12 Hydrology. Other than the construction of wells to serve allowed improvements, there shall be no alteration, depletion or extraction of surface water, natural water courses, lakes, ponds, marshes, subsurface water or any other water bodies on the Property. New septic systems as provided herein must meet county codes where applicable, and comply with the provisions regarding pollution and new developments, and comply with any and all other applicable law, rules and regulations. New septic systems and concomitant leach fields must be installed no closer than two hundred feet (200') from live surface waters of flowing streams, rivers and dry arroyos.
- 2.13 No Biocides. There shall be no use of pesticides or biocides, including but not limited to insecticides, fungicides, rodenticides, and herbicides, except as approved by the Conservancy to control invasive species detrimental to the conservation values of the Property, and except as needed around improvements on the Property and in existing agricultural fields allowed in the Grazing Plan. No pesticide use shall be permitted which would injure or destroy a significant naturally occurring ecosystem.
- 2.14 No Dumping. There shall be no storage or dumping of trash, garbage, or other unsightly or offensive material, hazardous substance, or toxic waste, nor any placement of underground storage tanks in, on, or under the Property; there shall be no changing of the topography through the placing of soil or other substance or material such as land fill or dredging spoils, nor shall activities be conducted on the Property or on the adjacent property owned by Grantee, that could cause erosion or siltation on the Property.

- 2.15 No Pollution. There shall be no pollution, of surface water, natural water courses, lakes, ponds, marshes, subsurface water or any other water bodies, nor shall activities be conducted on the Property that would be detrimental to water purity or that could alter the natural water level or flow in or over the Property.
- 2.16 Predator Control. Grantee shall have the right to control, destroy, or trap predatory and problem animals which pose a material threat to livestock, and/or humans by means and methods approved by the Conservancy. The method employed shall be selective and specific to individuals, rather than broadcast, nonselective techniques.
- 2.17 Commercial Development. Any commercial or industrial use of or activity on the Property, other than those relating to agriculture, fishing, hunting, recreation, home businesses or mineral extraction as permitted herein is prohibited.
- 2.18 Density. Neither the Property nor any portion of it shall be included as part of the gross area of other property not subject to this Conservation Easement for the purposes of determining density, lot coverage, or open space requirements under otherwise applicable laws, regulations or ordinances controlling land use and building density. No development rights that have been encumbered or extinguished by this Conservation Easement shall be transferred to any other lands pursuant to a transferable development rights, scheme cluster development arrangement or otherwise; provided, however, that with prior written permission of the the Conservancy, this paragraph shall not preclude such transfer of development rights resulting from the destruction or demolition of any existing residential building on the Property.
- 2.19 Exotics. Grantee will use its best efforts to aggressively reduce the number of existing exotic animal on the Property. No new introductions are allowed except for domestic livestock allowed in the Grazing Plan.

3. **ADDITIONAL RIGHTS OF GRANTEE.** Grantee shall have the following additional rights:

- 3.1 Existing Uses. The right to undertake or continue any activity or use of the Property not prohibited by this Conservation Easement. Prior to making any

change in use of the Property, Grantee shall notify the Conservancy in writing to allow the Conservancy a reasonable opportunity to determine whether such change would violate the terms of this Conservation Easement.

3.2 Transfer. The right to sell, give, mortgage, lease, or otherwise convey the Property subject to the terms of this Conservation Easement.

4. **CONSERVANCY'S RIGHTS.** To accomplish the purpose of this Conservation Easement, the following additional rights are retained by the Conservancy:

4.1 Right to Enforce. The right to preserve and protect the conservation values of the Property and enforce the terms of this Conservation Easement by appropriate legal proceedings including, but not limited to, the right to require the restoration of the Property to its condition at the time of the grant of the Conservation Easement.

4.2 Right of Entry. The right of the Conservancy's staff, contractors and associated natural resource management professionals to enter the Property after prior written consent, which consent will not be given less than one time each calendar year, to Grantee, for the purposes of: (a) inspecting the Property to determine if Grantee is complying with the covenants and purposes of this Conservation Easement; and (b) monitoring and research as described below; and (c) management of exotic and invasive species.

4.4 Monitoring and Research. The right, but not the obligation, to monitor the plant and wildlife populations, plant communities and natural habitats on the Property. Grantee shall cooperate with the Conservancy in establishing, at no expense to Grantee, a written Monitoring and Research Plan to direct the monitoring of and research on plant and wildlife populations, plant communities and natural habitats on the Property. Grantee agrees that all monitoring activity, natural resource inventory and assessment work or other natural resource research, conducted by Grantee or others, shall be reported to the Conservancy.

4.5 Discretionary Consent. The Conservancy's consent for activities otherwise prohibited or requiring the Conservancy's consent under paragraph 2 above, may be given under the following conditions and circumstances. If, owing to unforeseen or

changed circumstances, any of the prohibited activities listed in paragraph 2 are deemed desirable by both the Conservancy and Grantee, the Conservancy may, in its sole discretion, give permission for such activities, subject to the limitations herein. Such requests for permission, and permission for activities requiring the Conservancy's consent shall be in writing and shall describe the proposed activity in sufficient detail to allow the the Conservancy to judge the consistency of the proposed activity with the purpose of this Conservation Easement. The Conservancy may give its permission only if it determines, in its sole discretion, that such activities (1) do not violate the purpose of this Conservation Easement and (2) either enhance or do not impair any significant conservation interests associated with the Property. Notwithstanding the foregoing, the Conservancy and Grantee have no right or power to agree to any activities that would result in the termination of this Conservation Easement.

**5. RESPONSIBILITIES OF CONSERVANCY AND GRANTEE NOT AFFECTED.**

Other than as specified herein, this Conservation Easement is not intended to impose any legal or other responsibility on the Grantee, or in any way to affect any existing obligation of the Grantee as owner of the Property. Among other things, this shall apply to:

(a) *Taxes* - The Grantee shall be solely responsible for payment of all taxes and assessments levied against the Property.

(b) *Upkeep and Maintenance* - The Grantee shall be solely responsible for the upkeep and maintenance of the Property, to the extent it may be required by law. The Conservancy shall have no obligation for the upkeep or maintenance of the Property.

**6. ACCESS.** No right of access by the general public to any portion of the Property is conveyed by this Conservation Easement. However, the public has the right to view the Property from adjacent publicly accessible areas such as public roads and waterways

**7. ENFORCEMENT.** The Conservancy shall have the right to prevent and correct violations of the terms of this Conservation Easement. With advance written notice the

Conservancy may enter the Property for the purpose of inspecting for violations. If the Conservancy finds what is a violation, it may at its discretion take appropriate legal action. Except when an ongoing or imminent violation could substantially diminish or impair the conservation values of the Property, the Conservancy shall give the Grantee written notice of the violation and sixty (60) days to correct it (or to begin good faith efforts to correct in the event the violation is something which cannot be reasonably corrected in sixty (60) days), before filing any legal action. If a court with jurisdiction determines that a violation may exist or has occurred, the Conservancy may obtain an injunction to stop it, temporarily or permanently. A court may also issue an injunction requiring the Grantee to restore the Property to its condition prior to the violation. The failure of the Conservancy to discover a violation or to take immediate legal action shall not bar it from doing so at a later time.

8. **TRANSFER OF EASEMENT.** The parties recognize and agree that the benefits of this Conservation Easement are in gross and are not assignable except as expressly set forth in the next sentence. The Conservancy shall have the right to transfer or assign this Conservation Easement to any private nonprofit organization that at the time of transfer, is a "qualified organization" under Section 170(h) of the U.S. Internal Revenue Code, and the organization expressly agrees to assume the responsibility imposed on the Conservancy by this Conservation Easement. If the Conservancy ever ceases to exist or no longer qualifies under Sec. 170(h) or applicable state law, a court with jurisdiction shall transfer this Conservation Easement to another qualified organization having similar purposes that agrees to assume the responsibility.

9. **TRANSFER OF PROPERTY.** Any time the Property, or any interest therein, is transferred by the Grantee to any third party, the Grantee shall notify the Conservancy in writing at least thirty (30) days prior to the transfer of the Property, and the document of conveyance shall expressly refer to this Conservation Easement.

10. **AMENDMENT OF EASEMENT.** This Conservation Easement may be amended only with the written consent of Grantee and the Conservancy. Any such amendment shall be consistent with the purposes of this Conservation Easement and shall comply with Sec. 170(h) of the Internal Revenue Code, or any regulations promulgated in accordance with that section. Any

such amendment shall also be consistent with Chapter 183 of the Texas Natural Resources Code, or any regulations promulgated pursuant to that law. The Grantee and the Conservancy have no right or power to agree to any amendment that would affect the enforceability of this Conservation Easement.

11. **TERMINATION OF EASEMENT.** If it is determined that conditions on or surrounding the Property have changed so much that it is impossible to fulfill the conservation purposes set forth above, a court with jurisdiction may, at the joint request of both the Conservancy and Grantee, terminate this Conservation Easement.

If condemnation of a part of the Property or of the entire Property by public authority renders it impossible to fulfill any of these conservation purposes, the Conservation Easement may be terminated through condemnation proceedings.

At the time of the reservation of this Conservation Easement to the Conservancy, this Conservation Easement gives rise to a real property right, immediately vested in the Conservancy. If the Conservation Easement is terminated and the Property is sold or taken for public use, then, as required by Sec. 1.170A-14(g)(6) of the Treasury regulations, the Conservancy shall be entitled to a percentage of the gross sale proceeds or condemnation award (minus any amount attributable to new improvements made after the date of this conveyance, which amount shall be reserved to Grantee) equal to the ratio of the appraised value of this Conservation Easement to the unrestricted fair market value of the Property, as these values are determined on the date of this Conservation Easement. The Conservancy shall use the proceeds consistently with the conservation purposes of this Conservation Easement.

12. **INTERPRETATION.** This Conservation Easement shall be interpreted under the laws of Texas, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes.

13. **INDEMNIFICATION.** Each party agrees to release, hold harmless, defend and indemnify the other from any and all liabilities including, but not limited to, injury, losses, damages, judgments, costs, expenses and fees that the indemnified party may suffer or incur as a

result of or arising out of the activities of the other party on the Property that causes injury to a person(s) or damage to property.

14. **NOTICES.** Any notices required by this Conservation Easement shall be in writing and shall be personally delivered or sent by first class mail, to the Conservancy and Grantee, respectively, at the following addresses, unless a party has been notified by the other of a change of address.

To Conservancy:

Devil's River Ranch, L.L.C.  
12850 Hillcrest Road, Suite 200  
Dallas, Texas 75230

To the Grantee:

Legal Department  
The Nature Conservancy  
P.O. Box 1440  
San Antonio, Texas 78295-1440

15. **SEVERABILITY.** If any provision of this Conservation Easement is found to be invalid, the remaining provisions shall not be altered thereby.

16. **PARTIES.** Every provision of this Conservation Easement that applies to the Grantee or the Conservancy shall also apply to their respective heirs, executors, administrators, assigns, and all other successors as their interest may appear.

17. **RE-RECORDING.** In order to ensure the perpetual enforceability of the Conservation Easement, the Conservancy is authorized to re-record this instrument or any other appropriate notice or instrument.

18. **MERGER.** The parties agree that the terms of this Conservation Easement shall survive any merger of the fee and easement interest in the Property.

19. **SUBSEQUENT LIENS ON PROPERTY.** No provisions of this Conservation Easement should be construed as impairing the ability of Grantee to use this Property as

collateral for subsequent borrowing, provided that any mortgage or lien arising from such a borrowing must be subordinate to this Conservation Easement.

RESERVED this Conservation Easement together with all and singular the appurtenances and privileges belonging or in any way pertaining thereto, either in law or in equity, either in possession or expectancy, for the proper use and benefit of The Nature Conservancy, its successors, and assigns forever.

TO HAVE AND TO HOLD, the said Conservation Easement unto The Nature Conservancy, its successors and assigns, forever.

IN WITNESS WHEREOF, The Nature Conservancy has executed this document on the 27th day of December, 2001.

THE NATURE CONSERVANCY

By. [Signature]  
Its James King  
West Texas Program Manager

STATE OF TEXAS §  
COUNTY OF JEFF DAVIS §

This instrument was acknowledged before me on the 27th day of Dec., 2001, by JAMES KING, West Texas, Program Manager of THE NATURE CONSERVANCY, on behalf of said corporation.



Lynne C. Baldwin (SEAL)  
NOTARY PUBLIC

My commission expires: 09/25/05

ACCEPTANCE

DEVIL'S RIVER RANCH, L.L.C., a Texas limited liability company, Grantee, hereby executes and seals this document to indicate acceptance of the terms contained herein on this 27th day of December, 2001.

GRANTEE:

DEVIL'S RIVER RANCH, L.L.C.,  
a Texas limited liability company

By: Rodger M. Sanders  
Rodger M. Sanders,  
Sole Manager

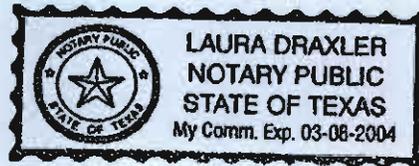
STATE OF TEXAS       §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared Rodger M. Sanders, the Sole Manager of Devil's River Ranch, L.L.C., a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he executed the same for the purposes and consideration therein stated and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 27th day of December, 2001.

Laura Draxler (SEAL)  
NOTARY PUBLIC

My commission expires:  
\_\_\_\_\_



~~AFTER RECORDING RETURN TO~~

~~CATHERINE MADRIGAL CASAS~~  
~~The Nature Conservancy~~  
~~PO BOX 144000~~  
~~SAN ANTONIO, TEXAS 78295~~

## EXHIBIT E

### Additional Exceptions and Exclusions from Warranty

1. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
  - a) to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs, or oceans, or
  - b) to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
  - c) to filled-in lands, or artificial islands, or
  - d) to statutory water rights, including riparian rights, or
  - e) to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.
2.  $\frac{1}{2}$  Royalty Reservation as set out in Deed dated October 3, 2000 recorded in Volume 756, Pages 514-544, Official Public Records, Val Verde County, Texas.
3. Contract and Grant of Right of Way Easement dated September 14, 1967 granted to United States of America recorded in Volume 193, Pages 520-525, Deed Records, Val Verde County, Texas, and as shown on survey dated December 27, 2001, by Charles W. Rothe, Registered Professional Surveyor.
4. Easement for Water Line purposes contained in Cross-Easement Agreement from Devil's River Ranch to Hussie Miers dated October 12, 1976 recorded in Volume 307, Pages 397-410, Deed Records, Val Verde County, Texas and as corrected by the certain Correction Cross Easement Agreement recorded in Volume 365, Pages 183-196, both Deed Records, Val Verde County, Texas covering the property described in Exhibit "D" and Exhibit "F" of the Cross Easement Agreement and as shown on the survey prepared by Charles W. Rothe, Registered Professional Surveyor dated December 27, 2001.
5. The Following Surveys are Mineral Classified: North Half of Survey 20, Block AZ-3 containing 300 acres as set out in Patent recorded in Volume 54, Page 32, Deed Records, Val Verde County, Texas and all of Survey 1014 as set out in Patent recorded in Volume 54, Page 31, Deed Records, Val Verde County, Texas.
6. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 23-24, Deed Records, Val Verde County, Texas. (Survey 1015, CG&SF Ry Co )

7. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 26-27, Deed Records, Val Verde County, Texas. (Survey 1016, Abst. 1933, GC&SF Ry Co, and Survey 1016, Abst. 3278, GC&SF Ry Co, )
8. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 18-19, Deed Records, Val Verde County, Texas. (Survey 1017, TC Ry Co)
11. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 28-29, Deed Records, Val Verde County, Texas. (Survey 1018, TC Ry Co, )
12. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 17-18, Deed Records, Val Verde County, Texas. (Survey 1019, TC Ry Co. - erroneously described as Survey 1021)
13. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 16-17, Deed Records, Val Verde County, Texas. (West Half - Survey 1020, Abst. 1938, TC Ry Co. and East Half - Survey 1020, Abst. 2028, TC Ry Co )
14. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 15-16, Deed Records, Val Verde County, Texas. (Survey 1021, GC & SF Ry Co.)
15. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 19-20, Deed Records, Val Verde County, Texas. (Survey 1023, Henry Parker )
16. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 22-23, Deed Records, Val Verde County, Texas. (Survey 1023  $\frac{1}{2}$  , Henry Parker )
17. Undivided  $\frac{1}{2}$  mineral interest as conveyed to Capt. G. M. Church in deed dated May 5, 1919 recorded in Volume 41, Pages 21-22, Deed Records, Val Verde County, Texas. (Survey 1024, John Little )
18. The Following Surveys are Mineral Classified: Survey 16  $\frac{1}{2}$ , J. W. Carruthers; Survey 19  $\frac{1}{2}$  J. W. Carruthers as set out in Patent recorded in Volume 81, Page 402, Deed Records, Val Verde County, Texas and Survey 19  $\frac{3}{4}$ , J. W. Carruthers as set out in Patent recorded in Volume 50, Page 118, Deed Records, Val Verde County, Texas.
19. Undivided  $\frac{1}{14}^{\text{th}}$  mineral interest as conveyed to C. J. Bohner in deed dated September 6, 1950 recorded in Volume 120, Pages 43-44, Deed Records, Val Verde County, Texas in 7854.54 acres.

20. Undivided 1/14<sup>th</sup> mineral interest as conveyed to C. B. Christie in deed dated September 6, 1950 recorded in Volume 120, Pages 48-49, Deed Records, Val Verde County, Texas in 7854.54 acres.
21. Undivided 1/14<sup>th</sup> mineral interest as conveyed to Bert Broday in deed dated September 6, 1950 recorded in Volume 120, Pages 65-66, Deed Records, Val Verde County, Texas in 7854.54 acres.
22. Undivided 1/14<sup>th</sup> mineral interest as conveyed to C. W. Cahoon Jr. in deed dated September 18, 1950 recorded in Volume 120, Pages 73-74, Deed Records, Val Verde County, Texas in 7854.54 acres.
23. Undivided 1/14<sup>th</sup> mineral interest as conveyed to Frank Wood in deed dated September 20, 1950 recorded in Volume 120, Pages 86-87, Deed Records, Val Verde County, Texas in 7854.54 acres.
24. Undivided 1/14<sup>th</sup> mineral interest as conveyed to Albert Crenshaw in deed dated December 31, 1950 recorded in Volume 120, Pages 528-529, Deed Records, Val Verde County, Texas in 7854.54 acres. .
25. Undivided ½ Non Participating mineral interest (except S/2 of Survey 20, Abstract 2598 and Survey 1014, Abstract 3455) as reserved in deed dated September 11, 1973 recorded in Volume 258, Pages 363-368, Deed Records, Val Verde County, Texas.
26. Undivided ½ mineral interest in Surveys 16-17, Block AZ-3, as conveyed in deed dated August 11, 1927 recorded in Volume 65, Pages 524-525, Deed Records, Val Verde County, Texas.
27. Undivided ½ mineral interest in Survey 18, Block AZ-3, as conveyed in deed dated January 9, 1930 recorded in Volume 77, Pages 360-361, Deed Records, Val Verde County, Texas.
28. Road Right of Way Easement dated April 30, 1987 recorded in Volume 480, Pages 189-191, Deed Records, Val Verde County, Texas and replaced and corrected by Correction Easement dated February 26, 1988 recorded in Volume 492, Pages 295, Deed Records, Val Verde County, Texas, and as shown on survey dated December 27, 2001 by Charles W. Rothe, Registered Professional Surveyor.
29. Road, Windmill and Water Pipeline Agreement dated June 4, 1982 recorded in Volume 404, Pages 24-31, Deed Records, Val Verde County, Texas and modified in Volume 460, Pages 113-125, Deed Records, Val Verde County, Texas.
30. Boundary Line Agreement dated October 14, 1986 executed by and between Hermann Hospital Estate and Indianhead Ranch, Inc. recorded in Volume 472, Pages 253-264, Deed Records, Val Verde County, Texas.

31. Any right, title, interest or claim (valid or invalid) of any character had or asserted by the State of Texas or by any other government or governmental authority or by the public generally (1) in and to portions of the above described property which may be within the bed, shore, or banks of a perennial stream or of a stream or lake navigable in fact a body of water affected by the ebb and flow of the tide; and (2) in and to portions of the above described property which may be between the water's edge and the line of vegetation on the upland or for any claim or right of ingress and egress therefrom.
32. Boundary Agreement dated October 3, 2000 executed by and between Harold W. Nix and Indianhead Ranch, Inc. recorded in Volume 758, Pages 706-708, Official Public Records, Val Verde County, Texas.
33. Boundary Agreement dated October 3, 2000 executed by and between Robert Corbin, et als and Harold W. Nix recorded in Volume 758 , Pages 709-715, Official Public Records, Val Verde County, Texas.
34. Boundary Agreement dated October 13, 2000 executed by and between Irvin E Horton Jr. et al and Harold W. Nix recorded in Volume 758, Pages 716-723, Official Public Records, Val Verde County, Texas.
35. The Following Fence encroachments and protrusions:
  - a) 14.159 acres under Title but outside of fence line in Survey 5.
  - b) 8.689 acres under Title but outside the Fence line in Survey 13.
  - c) 1.246 acres under Title but outside the fence line along Surveys 1013 and 1014.
  - d) 10.439 acres under Title but outside of fence line in Survey 25  $\frac{3}{4}$  .
36. As to the Easement Tract described in Cross Easement Agreement dated October 12, 1976 recorded in Volume 307, Pages 397-410, Deed Records, Val Verde County, Texas, and corrected in Correction Cross Easement recorded in Volume 365, Pages 183-196, Deed Records, Val Verde County, Texas and being more fully described on Exhibit C, Road Easement No. 3 of said Document, the following additional exceptions:
  - a) Terms and Conditions of that Cross Easement dated October 12, 1976 recorded in Volume 307, Pages 397-410, Deed Records, Val Verde County, Texas and re-recorded in Volume 365, Pages 183-196, both Deed Records, Val Verde County, Texas other than the terms creating the Estate insured hereunder.
  - b) Any Ad Valorem taxes that might be due on lands used for Easement purposes.
  - c) All mineral interest as reserved in Easement dated October 12, 1976 executed by Devil's River Ranch, Ltd. to, et als, to Hussie Miers, et als, recorded in Volume 365, Pages 183-196, Deed Records, Val Verde County, Texas.

- d) Rights of parties in possession and visible and apparent easements on the property.



4. In particular, the Property is a unique area comprised of a mix of aquatic and terrestrial habitats and species characteristic of three ecological provinces: the Edwards Plateau, the Chihuahuan Desert, and the Tamaulipan Thornscrub.
5. The Property protects and includes an important portion of the Devils River watershed and its recharge zone, associated tributaries, springs, riparian woodland corridors and aquatic systems.
6. Many unique habitats and rare species either occur or may potentially occur on the property or waters in or adjacent to the Property, including Texas Snowbells (*Styrax texanus*), Black-capped Vireo (*Vireo atricapillus*), Tobusch fishhook cactus (*Ancistrocactus tobuschii*), Conchos Pupfish (*Cyprinodon eximius*), Devils River Minnow (*Dionda diaboli*), Proserpine Shiner (*Cyprinella proserpinus*), Headwaters Catfish (*Ictalurus lupus*), Rio Grande Darter (*Etheostoma grahamii*) and Devils River Blackhead Snake (*Tantilla cucullata*).

C. Easement Documentation Report. The characteristics of the Property, its current use and state of improvement, are described in a report entitled Easement Documentation Report of 981-Acre Turkey Bluff Tract, dated June 16, 2006, mutually agreed upon by the parties, prepared by the Conservancy for the Grantor, and signed and acknowledged by both parties. The Grantor worked with the Conservancy to ensure that the report is a complete and accurate description of the Property as of the date of this Conservation Easement. It establishes the baseline condition of the Property as of the Effective Date and includes reports, maps, photographs and other documentation.

D. The Grantor and the Conservancy have the common purpose of conserving the above-described Conservation Values of the Property in perpetuity, and the State of Texas has authorized the creation of Conservation Easements pursuant to Chapter 183 of the Texas Natural Resources Code, TEX. NAT. RES. CODE ANN. §§ 183.01, *et. seq.*, and Grantor and the Conservancy wish to avail themselves of the provisions of that law.

NOW, THEREFORE, the Grantor, for and in consideration of the facts recited above and of the mutual covenants, terms, conditions and restrictions contained herein and as an absolute and unconditional gift, hereby gives, grants, bargains, sells and conveys unto the Conservancy a Conservation Easement in perpetuity over the Property of the nature and character as follows:

1. **PURPOSE.** The purpose of this Conservation Easement is to ensure that the Property will be retained forever predominantly in its natural and scenic condition; to protect native plants, animals, or plant communities on the Property; to prevent any use of the Property that will significantly impair or interfere with the Conservation Values of the Property, while allowing for certain uses on the Property that are compatible with and not destructive of the Conservation Values of the Property, such as limited ranching and farming of existing pastures and fields, outdoor recreation, fishing and hunting, all subject to the terms of this Conservation Easement.

Grantor will not perform, nor knowingly allow others to perform, any act on or affecting the Property that is inconsistent with the purposes of this Conservation Easement. However, unless otherwise specified below, nothing in this Conservation Easement shall require the Grantor to take any action to restore the condition of the Property after any act of God or other event over which Grantor had no control. Grantor understands that nothing in this Conservation Easement relieves them of any obligation or restriction on the use of the Property imposed by law.

2. **PROPERTY USES.** Any activity on or use of the Property inconsistent with the purposes of this Conservation Easement is prohibited. Without limiting the generality of the foregoing, the following is a listing of activities and uses which are expressly prohibited or which are expressly allowed. Additional retained rights of Grantor are set forth in Paragraph 3 below.

2.1 **Subdivision.** The Property may not be divided, subdivided or partitioned, nor conveyed or pledged for a debt except in its current configuration as an entity.

2.2 **Construction.** Except as may be otherwise expressly allowed in this Conservation Easement, all construction and structures on the Property shall be limited to traditional ranching improvements to the Devils River area such as fences, corrals, pens, water wells, hunting blinds, feeders, water tanks, and troughs. Materials used in construction of any such improvements shall be non-reflective and compatible with the scenic character of the Property. Except as may be otherwise expressly allowed in this Conservation Easement, no other structures may be placed or constructed on the Property. Furthermore, without limitation of the foregoing, there shall be no constructing or placing of any new airplane landing strip, utility pole (other than those necessary to service the Property's improvements), utility tower, conduit or line on or above the Property. Outdoor lighting shall be placed and shielded so as to minimize the impact on surrounding areas. Notwithstanding the foregoing, Grantor shall at all times use best efforts and practices in the construction of improvements to have limited impact on the Conservation Values of the Property.

2.3 **Existing Improvements.** Grantor shall have the right to maintain, remodel, and repair existing structures, water tanks, fences, corrals, water wells, header dams, utilities, and other improvements, and in the event of their destruction, to reconstruct any such existing improvements with another of similar size, function, capacity, location and material.

2.4 **Mineral Extraction.** Extraction of minerals may be accomplished only by extraction methods that will have a limited and localized impact on, and not significantly impair or interfere with, the Conservation Values of the Property and the purposes of this Conservation Easement. Without limiting the generality of the foregoing, minerals shall not be extracted by any surface mining methods. The extractor shall at all times use best efforts and practices to prevent damage or impairment of natural values and shall restore

any area damaged to its original condition. All extraction facilities must be concealed or otherwise located so as to be compatible with existing topography and landscape to the greatest extent practical. The Conservancy must be given written notice of any actual or proposed mineral extraction thirty (30) days prior to entering into any contract or lease, and, if no such contract or lease, prior to beginning any work. Grantor shall, prior to entering into any contract or lease (or prior to beginning any work if there is no contract or lease), consult with the Conservancy and incorporate conditions or restrictions as the Conservancy may reasonably determine are required in order to prevent a significant impairment or interference with the Conservation Values. Any and all subsequent mineral conveyances and mineral leases shall be bound by the provisions hereof.

In the event all or part of the minerals are owned by third parties as of the date of the grant of this Conservation Easement, the following provisions shall apply: Whenever such third party mineral owners are required by applicable law or pursuant to any existing or future contract to obtain any consent from Grantor with respect to any access to or physical alteration of or improvement to the Property, Grantor shall, prior to giving any such consent, consult with the Conservancy and use its best efforts to incorporate conditions or restrictions on such consent as the Conservancy may reasonably determine are required in order to prevent a significant impairment or interference with the Conservation Values.

**2.5 Agricultural Use.** Grantor shall have the right to i) breed, raise and pasture livestock in accordance with paragraph 2.7 below, ii) to breed and raise bees for the production of honey, iii) to plant, raise and harvest crops in existing fields on the Property, and iv) to perform primary processing, store and sell, including direct sales to the public, of crops and products harvested and produced principally on the Property. Grantor may not establish or maintain any commercial feedlot on the Property, which is defined for the purpose of this Conservation Easement as a confined area or facility within which the land is not grazed or cropped at least annually and which is used to receive livestock that has been raised off the Property for feeding and fattening for market.

**2.6 Roads.** Grantor shall have the right to maintain existing roads. New roads are discouraged; however, Grantor shall also have the right to develop new roads subject to the Conservancy's prior approval.

**2.7 Grazing.** Grantor shall have the right to graze and pasture domestic animals except sheep or goats pursuant to a Grazing Plan, to be updated at least every five years, that is prepared by a range management specialist and approved by the Conservancy, and that is designed to ensure the maintenance of good rangeland health and a quality mix of native grasses, forbs, shrubs and woodland vegetation, while protecting soil stability, water quality and other conservation values of the Property. Introduction of exotic animals is not allowed except for domestic livestock as allowed in the Grazing Plan.

2.8 Home Businesses. Any business that is conducted by, and in the home of, a person residing on the Property, is allowed.

2.9 Recreational Uses. Grantor shall have the right to engage in and permit others to engage in recreational uses of the Property, including, without limitation, hunting and fishing, that require no surface alteration or other development of the land. Pursuit of wildlife by any form of motorized transportation is not allowed.

2.10 Excavation. Except as necessary to accommodate the activities expressly permitted under this Conservation Easement, maintenance of existing roads, hiking and horseback trails, and other activities expressly permitted under this Conservation Easement, there shall be no ditching, draining, diking, filling, excavating, dredging, removal of topsoil, sand, gravel, rock, minerals or other materials, mining, drilling or removal of minerals, nor any building of roads or change in the topography of the Property or disturbance in the soil in any manner. Notwithstanding the foregoing, nothing in this section shall be deemed to authorize surface mining (including, without limitation, the removal of gravel, sand or caliche) or any other activity expressly prohibited elsewhere in this Conservation Easement.

2.11 Destruction of Plants, Disturbance of Natural Habitat. Grantor shall have the right to cut and remove diseased or exotic trees, shrubs, or plants, and to cut firebreaks, subject to the prior approval of the Conservancy, except that such approval shall not be required in case of emergency firebreaks. Subject to the prior approval of the Conservancy, Grantor shall have the right to cut and remove native trees, shrubs, or plants in order to enhance the Conservation Values of the Property. Grantor shall also have the right to cut and remove trees, shrubs or plants to accommodate the activities expressly permitted under this Conservation Easement. There shall be no additional removal, harvesting, destruction or cutting of native trees, shrubs or plants. Except for use around improvements, in approved food plots allowed in the Grazing Plan, or in gardens there shall be no planting of non-native trees, shrubs or plants on the Property. Furthermore, except to accommodate the activities expressly permitted under this Conservation Easement there shall be no use of fertilizers, plowing, introduction of non-native animals or plants, or disturbance or change in the natural habitat in any manner.

2.12 Hydrology. Other than the construction of wells to serve allowed improvements, there shall be no alteration, depletion or extraction of surface water, natural water courses, lakes, ponds, marshes, subsurface water or any other water bodies on the Property.

2.13 Signage. No signs or billboards or other advertising displays are allowed on the Property, except that signs whose placement, number and design do not significantly diminish the scenic character of the Property may be displayed to state the name and address of the Property and the names of persons living on the Property, to advertise or regulate permitted on-site activities, to advertise the Property for sale or rent, and to post

the Property to control unauthorized entry or use.

2.14 No Biocides. There shall be no use of pesticides or biocides, including but not limited to insecticides, fungicides, rodenticides, and herbicides, except as approved by the Conservancy to control invasive species detrimental to the Conservation Values of the Property, and except as needed around improvements on the Property and in existing agricultural fields allowed in the Grazing Plan. No pesticide use shall be permitted which would injure or destroy a significant naturally occurring ecosystem.

2.15 No Dumping. There shall be no storage or dumping of trash, garbage, or other unsightly or offensive material, hazardous substance, or toxic waste, nor any placement of underground storage tanks in, on, or under the Property; there shall be no changing of the topography through the placing of soil or other substance or material such as land fill or dredging spoils, nor shall activities be conducted on the Property or on the Adjacent Property that could cause erosion or siltation on the Property.

2.16 No Pollution. There shall be no pollution of surface water, natural water courses, lakes, ponds, marshes, subsurface water or any other water bodies, nor shall activities be conducted on the Property that would be detrimental to water purity or that could alter the natural water level or flow in or over the Property.

2.17 Predator Control. Grantor shall have the right to control, destroy, or trap predatory and problem animals which pose a material threat to livestock and/or humans by means and methods approved by the Conservancy. The method employed shall be selective and specific to individuals, rather than broadcast, nonselective techniques.

2.18 Commercial Development. Any commercial or industrial use of or activity on the Property, other than those relating to agriculture, fishing, hunting, recreation, home businesses or mineral extraction as permitted herein is prohibited.

2.19 Density. Neither the Property nor any portion of it shall be included as part of the gross area of other property not subject to this Conservation Easement for the purposes of determining density, lot coverage, or open space requirements under otherwise applicable laws, regulations or ordinances controlling land use and building density. No development rights that have been encumbered or extinguished by this Conservation Easement shall be transferred to any other lands pursuant to a transferable development rights, scheme cluster development arrangement or otherwise; provided, however, that with prior written permission of the Conservancy, this paragraph shall not preclude such transfer of development rights resulting from the destruction or demolition of any existing residential building on the Property.

2.20 Exotics. Grantor will use its best efforts to aggressively reduce the number of existing exotic animal on the Property. No new introductions are allowed except for domestic livestock allowed in the Grazing Plan.

3. **ADDITIONAL RIGHTS RETAINED BY GRANTOR.** Grantor retains the following additional rights:

3.1 Existing Uses. The right to undertake or continue any activity or use of the Property not prohibited by this Conservation Easement. Prior to making any change in use of the Property, Grantor shall notify the Conservancy in writing to allow the Conservancy a reasonable opportunity to determine whether such change would violate the terms of this Conservation Easement.

3.2 Transfer. The right to sell, give, mortgage, lease, or otherwise convey the Property subject to the terms of this Conservation Easement.

3.3 Habitat Restoration and Enhancement. With the prior written approval of the Conservancy, the right to restore and enhance native plant and wildlife habitat, consistent with approved wildlife management and soil conservation practices and all applicable laws and regulations governing such practices.

4. **NOTICE OF EXERCISE OF GRANTOR'S RESERVED OR RETAINED RIGHTS.** Grantor hereby agrees to notify the Conservancy in writing fifteen (15) days before exercising any reserved or retained right under this Conservation Easement that may have an adverse impact on the Conservation Values (unless a different time period is otherwise expressly required in this Conservation Easement).

5. **CONSERVANCY'S RIGHTS.** To accomplish the purpose of this Conservation Easement, the following rights are granted to the Conservancy by this Conservation Easement:

5.1 Right to Enforce. The right to preserve and protect the Conservation Values of the Property and enforce the terms of this Conservation Easement.

5.2 Right of Entry.

(a) The right of the Conservancy to enter the Property at reasonable times for the purposes of (i) inspecting the Property to determine if there is compliance with the terms of the Conservation Easement, and (ii) obtaining evidence for the purpose of seeking judicial enforcement of this Conservation Easement. The Conservancy agrees that this entry will be done in a manner that will not interfere unreasonably with the Grantor's permitted uses of the Property. The Conservancy also agrees to provide advance written notice to Grantor prior to entering the Property, except in any case where immediate entry is necessary or desirable to prevent, terminate, or mitigate damage to, or the destruction of, the Conservation Values, or to prevent, terminate or mitigate a violation of the terms of this Conservation Easement.

(b) The right of the Conservancy's staff, contractors and associated natural resource management professionals to enter the Property after prior written consent of Grantor, which consent will be given at least one time each calendar year for the purposes of: (i) ecological monitoring, biological surveys, inventories and research as described below, and (ii) management of exotic and invasive plants. This right of entry shall be done in a manner as will not disturb the quiet enjoyment of the Property by the Grantor.

5.3 Monitoring and Research. The right, but not the obligation, to monitor the plant and wildlife populations, plant communities and natural habitats on the Property. Grantor shall cooperate with the Conservancy in establishing, at no expense to Grantor, a written Monitoring and Research Plan to direct the monitoring of and research on plant and wildlife populations, plant communities and natural habitats on the Property. Grantor agrees that all monitoring activity, natural resource inventory and assessment work or other natural resource research, conducted by Grantor or others, shall be reported to the Conservancy.

5.4 Management of Exotics and Invasive Species. The right, but not the obligation, to control, manage or destroy exotic non-native species or invasive species of plants and animals that threaten the Conservation Values of the Property. The Conservancy will obtain the Grantor's consent prior to implementing management activities.

6. **RESPONSIBILITIES OF GRANTOR AND THE CONSERVANCY NOT AFFECTED.** Other than as specified herein, this Conservation Easement is not intended to impose any legal or other responsibility on the Grantor, or in any way to affect any existing obligation of the Grantor as owner of the Property. Among other things, this shall apply to:

(a) *Taxes* - The Grantor shall be solely responsible for payment of all taxes and assessments levied against the Property.

(b) *Upkeep and Maintenance* - The Grantor shall be solely responsible for the upkeep and maintenance of the Property, to the extent it may be required by law. The Conservancy shall have no obligation for the upkeep or maintenance of the Property.

7. **ACCESS.**

7.1 Public Access. No right of access by the general public to any portion of the Property is conveyed by this Conservation Easement. However, the public has the right to view the Property from adjacent publicly accessible areas such as public roads and waterways.

7.2 Grantee's Access to the Property. Without limiting the generality of the grant of this Conservation Easement to Grantee, Grantor expressly conveys and assigns to Grantee the rights of ingress and egress to the Property as an assignee of a partial interest in the Property solely as an easement holder by virtue of this grant of Conservation Easement, including

without limitation, rights of access pursuant to the following easements:

(a) Non-exclusive roadway easement described in the Correction Cross Easement Agreement dated October 12, 1976 recorded in Volume 307, Page 397, Deed Records, Val Verde County, Texas, and re-recorded in Volume 365, Page 183, Deed Records, Val Verde County, Texas and being more fully described therein as Exhibit C, Road Easement No. 3, which easement provides certain ingress and egress to and from State Highway 277 to and from that certain property conveyed to The Nature Conservancy from Harold W. Nix, et. al, pursuant to that certain General Warranty Deed dated October 13, 2000, recorded in Vol. 756, Page 514, Official Public Records of Val Verde County, Texas (the "TNC Property"). The Property is a part of the TNC Property.

(b) Non-exclusive easement over and across the easement property originally reserved to The Nature Conservancy in that certain Special Warranty Deed with Vendor's Lien recorded in Volume 796, Page 109, Official Public Records of Val Verde County, Texas (the "DRR Deed"), which easement property is more particularly described in Exhibit B to the DRR Deed (the "TNC Easement"). The TNC Easement is hereby GRANTED AND CONVEYED, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and by these presents Grantor does GRANT AND CONVEY unto Grantee, a non-exclusive easement upon and across the TNC Easement, for the purpose of providing ingress and egress to the Property for all purposes related to this Conservation Easement. The easement, rights and privileges herein granted shall be perpetual, shall be an easement appurtenant to the Property and this Conservation Easement, and shall exist in favor of the Grantee, its successors, assigns, and other transferees of this Conservation Easement. Grantor hereby binds itself and assigns, to WARRANT AND FOREVER DEFEND the access easement and rights unto Grantee, its successors and assigns.

8. **EASEMENT ENFORCEMENT.** The Conservancy shall have the right to prevent and correct violations of the terms of this Conservation Easement. The following provisions shall be applicable to enforcement of this Conservation Easement:

(a) **Notice of Violation.** If the Conservancy becomes aware that a violation of the terms of this Conservation Easement has occurred or is threatened to occur, Conservancy may at its discretion take appropriate legal action. Except when an ongoing or imminent violation could substantially diminish or impair the Conservation Values, the Conservancy shall give a written notice of the violation to Grantor.

(b) **Corrective Action.** Upon the giving of a notice of violation, Grantor shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the violation (if there is a violation) and, where the violation involves injury to the Property, to restore the portion of the Property so injured.

(c) Default. Grantor shall be in default of this Conservation Easement if it fails to so cure the violation within sixty (60) days after the notice of violation is given; provided that, if more than sixty (60) days is reasonably required for the corrective action, then, if the Grantor promptly begins the corrective action within such sixty (60) day period, no default shall exist as to the violation for so long thereafter as Grantor is diligently pursuing such cure to completion. The fact that a default does not exist under the foregoing provisions shall in no event, however, absolve Grantor from any liability under this Conservation Easement with respect to the violation.

(d) Remedies. In the event of a violation, Conservancy shall have all remedies available at law or in equity to enforce the terms of this Conservation Easement, including (but not limited to) the right to: (i) seek a temporary or permanent injunction with respect to any activity causing a violation; (ii) force the restoration of that portion of the Property affected by the violation to a condition similar or equivalent to the condition that existed prior to the violation, by restoring soils, replanting suitable domestic vegetation, or taking such other action as is reasonably necessary to achieve such restoration; and (iii) recover any additional damages arising from the violation; provided, however, that, except in the event of emergency enforcement, the Conservancy shall not enforce its rights under clauses (i) or (ii) above after the giving of a notice of violation until such time as a default exists under the foregoing provisions. The foregoing remedies shall be cumulative and shall be in addition to all other remedies existing at law or in equity with respect to the violation.

(e) Costs of Enforcement. In any action, suit or other proceeding undertaken to enforce any right or obligation under this Conservation Easement, or to interpret any of the provisions of this Conservation Easement, the prevailing party shall be entitled to recover from the non-prevailing party the costs and expenses of such proceeding, including (but not limited to) the court costs and attorneys' fees and expenses incurred by the prevailing party (whether incurred at the trial, appellate, or administrative level), in such amount as the court or administrative body may judge reasonable, all of which may be incorporated into and be a part of any judgment or decision rendered in such action, suit or other proceeding.

(f) Emergency Enforcement. The foregoing provisions notwithstanding, if the Conservancy reasonably determines that a violation has occurred or is about to occur and circumstances require immediate action to prevent, terminate, or mitigate significant damage to or the destruction of any of the Conservation Values, or to prevent, terminate, or mitigate a significant violation of a material term of this Conservation Easement, such party may give a notice of violation to the extent reasonably practicable under the circumstances (which may be given orally in such cases or not at all depending on the circumstances) and the Conservancy may then pursue its remedies under this Conservation Easement without waiting for the period to cure the violation which is provided for above.

(g) Discretion. The failure of the Conservancy to discover a violation or to take action under this Conservation Easement with respect to a violation shall not bar it from doing so

at a later time, and shall not be deemed or construed to be a waiver of the Conservancy's rights in the event of any subsequent occurrence of that or any other violation

9. **TRANSFER OF EASEMENT.** The parties recognize and agree that the benefits of this Conservation Easement are in gross and are not assignable except as expressly set forth in this section. The Conservancy shall have the right to transfer or assign this Conservation Easement to any private nonprofit organization that at the time of transfer, is a "qualified organization" under Section 170(h) of the U.S. Internal Revenue Code, and the organization expressly agrees to assume the responsibility imposed on the Conservancy by this Conservation Easement. If the Conservancy ever ceases to exist or no longer qualifies under Sec. 170(h) or applicable state law, a court with jurisdiction shall transfer this Conservation Easement to another qualified organization having similar purposes that agrees to assume the responsibility.

10. **TRANSFER OF PROPERTY.** Any time the Property, or any interest therein, is transferred by the Grantor to any third party, the Grantor shall notify the Conservancy in writing at least thirty (30) days prior to the transfer of the Property, and the document of conveyance shall expressly refer to this Conservation Easement.

11. **AMENDMENT OF EASEMENT.** This Conservation Easement may be amended only with the written consent of Grantor and the Conservancy. Any such amendment shall be consistent with the purposes of this Conservation Easement and shall comply with Sec. 170(h) of the Internal Revenue Code, or any regulations promulgated in accordance with that section. Any such amendment shall also be consistent with Chapter 183 of the Texas Natural Resources Code, or any regulations promulgated pursuant to that law. The Grantor and the Conservancy have no right or power to agree to any amendment that would affect the enforceability of this Conservation Easement.

12. **TERMINATION OF EASEMENT.** If it is determined that conditions on or surrounding the Property have changed so much that it is impossible to fulfill the conservation purposes set forth above, a court with jurisdiction may, at the joint request of both the Grantor and the Conservancy, terminate this Conservation Easement.

If condemnation of a part of the Property or of the entire Property by public authority renders it impossible to fulfill any of these conservation purposes, the Conservation Easement may be terminated through condemnation proceedings.

At the time of the conveyance of this Conservation Easement to the Conservancy, this Conservation Easement gives rise to a real property right, immediately vested in the Conservancy. If the easement is terminated and the Property is sold or taken for public use, then, as required by Sec. 1.170A-14(g)(6) of the IRS regulations, the Conservancy shall be entitled to a percentage of the gross sale proceeds or condemnation award (minus any amount attributable to new improvements made after the date of this conveyance, which amount shall be reserved to Grantor) equal to the ratio of the appraised value of this Conservation Easement to the unrestricted fair market value of the Property, as these values are determined on the date of this

Conservation Easement. The Conservancy shall use the proceeds consistently with the conservation purposes of this Conservation Easement.

13. **INTERPRETATION.** This Conservation Easement shall be interpreted under the laws of Texas, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes.

14. **INDEMNIFICATION.**

14.1 Grantor hereby agrees to indemnify, defend (with counsel approved by the Conservancy, which approval will not be unreasonably withheld) and hold harmless the Conservancy and each of the Conservancy's officers, directors, employees, agents, invitees, and contractors (the "Conservancy Parties") from and against any and all claims, costs, liabilities, penalties, damages, or expenses of any kind or nature whatsoever (including, but not limited to, court costs and reasonable attorneys' fees and expenses) arising or resulting from this Conservation Easement or any activities on the Property.

14.2 The Conservancy hereby agrees to indemnify, defend (with counsel approved by the Grantor, which approval will not be unreasonably withheld) and hold harmless Grantor and each of Grantor's officers, directors, employees, agents, invitees, and contractors from and against any and all claims, costs, liabilities, penalties, damages, or expenses of any kind or nature whatsoever (including, but not limited to, court costs and reasonable attorneys' fees and expenses) proximately caused by the exercise by the Conservancy of the Conservancy's rights under this Conservation Easement or from the gross negligence or intentional misconduct of the Conservancy.

15. **TITLE.** The Grantor covenants and represents that the Grantor is the sole owner and is seized of the Property in fee simple and has good right to grant and convey this Conservation Easement; that the Property is free and clear of any and all encumbrances, including but not limited to, any mortgages not subordinated to this Conservation Easement, and that the Conservancy shall have the use of and enjoy all of the benefits derived from and arising out of this Conservation Easement. **NOTE: If any mortgages exist, they must be subordinated.**

16. **NOTICES.** Any notices required by this Conservation Easement shall be in writing and shall be personally delivered or sent by first class mail, to Grantor and the Conservancy, respectively, at the following addresses, unless a party has been notified by the other of a change of address.

To Grantor:  
Devil's River Ranch, L.L.C.  
12850 Hillcrest Road, Suite 200  
Dallas, Texas 75230

To the Conservancy:  
Legal Department  
The Nature Conservancy  
P.O. Box 1440  
San Antonio, Texas 78295-1440

17. **ENVIRONMENTAL CONDITION.** The Grantor warrants that they have no actual knowledge of a release or threatened release of hazardous substances or wastes on the Property.

18. **COMPLIANCE WITH APPLICABLE LAWS.** Grantor shall comply with all statutes, laws, ordinances, rules, regulations, codes, orders, guidelines, or other restrictions, or requirements applicable to the Property. Nothing herein shall be construed to allow Grantor to engage in any activity which is restricted or prohibited by law, restrictions or other requirements applicable to the Property.

19. **SEVERABILITY.** If any provision of this Conservation Easement is found to be invalid, the remaining provisions shall not be altered thereby.

20. **PARTIES.** Every provision of this Conservation Easement that applies to the Grantor or the Conservancy shall also apply to their respective heirs, executors, administrators, assigns, and all other successors as their interest may appear.

21. **RE-RECORDING.** In order to ensure the perpetual enforceability of the Conservation Easement, the Conservancy is authorized to re-record this instrument or any other appropriate notice or instrument.

22. **MERGER.** The parties agree that the terms of this Conservation Easement shall survive any merger of the fee and easement interest in the Property.

23. **SUBSEQUENT LIENS ON PROPERTY.** No provisions of this Conservation Easement should be construed as impairing the ability of Grantor to use this Property as collateral for subsequent borrowing, provided that any mortgage or lien arising from such a borrowing is subordinate to this Conservation Easement and does not violate the restrictions on subdivision of the Property.

24. **ACCEPTANCE & EFFECTIVE DATE.** As attested by the signature of its authorized representative, the Conservancy hereby accepts without reservation the rights and responsibilities conveyed by this Conservation Easement. This Conservation Easement is to be effective the date recorded in the Val Verde County Real Property Records.

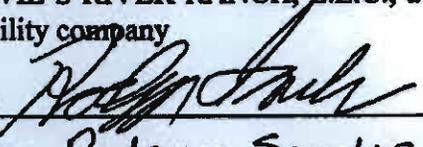
TO HAVE AND TO HOLD, this Grant of Conservation Easement unto the Conservancy, its successors and assigns, forever.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the Grantor and the Conservancy, intending to legally bind themselves, have executed this Conservation Easement as of the date first written above.

GRANTOR:

DEVIL'S RIVER RANCH, L.L.C., a Texas limited liability company

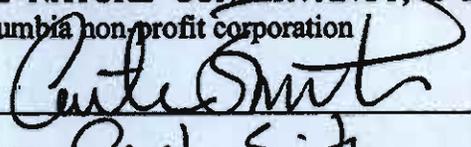
By: 

Name: Rodger Sanders

Title: President

CONSERVANCY:

THE NATURE CONSERVANCY, a District of Columbia non-profit corporation

By: 

Name: Carter Smith

Title: Texas State Director

STATE OF Texas §  
COUNTY OF Dallas §

This instrument was acknowledged before me on the 14<sup>th</sup> day of August, 2006, by Rodger Sanders, President of DEVIL'S RIVER RANCH, L.L.C., a Texas limited liability company, on behalf of said limited liability company.

Jessica C. Stillwell (SEAL)  
NOTARY PUBLIC

My commission expires:  
October 5, 2008

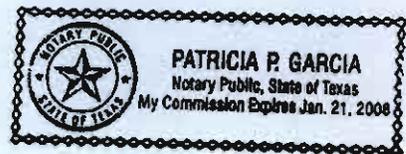


STATE OF Texas §  
COUNTY OF Bexar §

This instrument was acknowledged before me on the 9 day of August, 2006, by Carter Smith Texas State Director of THE NATURE CONSERVANCY, on behalf of said corporation.

Patricia P. Garcia (SEAL)  
NOTARY PUBLIC

My commission expires:  
1-21-2008



FIELD NOTES TO DESCRIBE

A survey of 981.633 acres of land situated about 25 miles N 09°30' W of Del Rio, in Val Verde County, Texas, having acreage in the following original surveys:

<u>SURVEY NO.</u>	<u>ABSTRACT NO.</u>	<u>BLK NO.</u>	<u>ORIGINAL GRANTEE</u>	<u>ACRES</u>
3	544	AZ-3	G.C. & S.F. RR. Co.	0.624
9	170	AZ-3	C.C.S.D.&R.G.N.G. RR. Co.	82.137
21	188	AZ-3	C.C.S.D.&R.G.N.G.RR. Co.	74.733
22	3356	AZ-3	C.C.S.D.&R.G.N.G.RR. Co.	154.277
23	1426	AZ-3	T. C. RR. Co.	443.400
25 1/4	3630	AZ-3	C. P. Scales	224.214
1011	1714		G.C.&S.F. RR. Co.	2.248
Total				981.633

said 981.633 acres of land being a portion of that certain 21,976.630 acre tract of land described as Tract I in a Deed to The Nature Conservancy from Harold W. Nix, et ux, dated October 13, 2000, as recorded in Volume 756 on Page 514 of the Official Public Records of Val Verde County, Texas, and being more particularly described by metes and bounds as follows:

**BEGINNING:** At a 5/8" iron pin set on the recognized South line of said Survey No. 1011 for the recognized Northeast corner of Survey No. 1012, Abstract No. 3433, G. C. & S. F. RR. Co., original Grantee, an interior corner of said 21,976.630 acre tract of land, the Northeast corner of that certain property described in a Deed to Robert S. Corbin and Gena Pivatto from Douglas Reed, et ux, dated January 21, 1997, as recorded in Volume 655 on Page 415 of the aforementioned Official Public Records, (being the Northeast corner of the Cedar Spring Ranch) and an interior corner of this survey;

**THENCE:** Along the recognized South line of said Survey No. 1011, the recognized North line of said Survey No. 1012, an interior South line of said 21,976.630 acre tract of land, and the North line of said Cedar Spring Ranch, S 89-48-18 W 222.00 feet to a 5/8" iron pin set in fence for a southerly exterior corner of a certain 4343.010 acre tract of land, this day surveyed, and the upper Southwest corner of this survey;

**THENCE:** Along fence and an East and Southeast line of said 4343.010 acre tract of land, N 03-45-48 W 201.49 feet to a 4" diameter cedar post for an angle point, N 17-52-30 E 44.18 feet to a 6" diameter cedar post for an angle point, and N 61-08-10 E 1742.39 feet to a 5/8" iron pin set North-east of an existing pasture road for an interior corner of said 4343.010 acre tract of land and the North corner of this survey;

**THENCE:** Along the Southwest line of said 4343.010 acre tract of land and North-east of an existing pasture road, the following courses:

S 57-35-17 E 479.29 feet to a 5/8" iron pin set for an angle point;

S 41-03-21 E 653.69 feet to a 5/8" iron pin set for an angle point;

N 86-25-01 E 537.85 feet to a 5/8" iron pin set for an angle point;

S 65-48-45 E 715.22 feet to a 5/8" iron pin set for an angle point;

S 44-44-42 E 1115.88 feet to a 5/8" iron pin set for an angle point;

S 72-49-06 E 711.62 feet to a 5/8" iron pin set for an angle point;

N 84-17-22 E 976.85 feet to a 5/8" iron pin set for an angle point;

S 81-33-56 E 793.33 feet to a 5/8" iron pin set for an angle point;

S 49-08-14 E 1058.50 feet to a 5/8" iron pin set for an angle point;  
and

S 57-53-28 E 1428.34 feet to a 5/8" iron pin set for an exterior corner of said 4343.010 acre tract of land and an interior corner of this survey;

THENCE: Along a Southeast line of said 4343.010 acre tract of land, N 19-57-37 E 245.39 feet to a 5/8" iron pin set on the Northeast edge of an existing pasture road to the North for the Northwest corner of a gravel pit, an interior corner of said 4343.010 acre tract of land, and an exterior corner of this survey;

THENCE: Along the North line of said gravel pit and a South line of said 4343.010 acre tract of land, S 80-57-03 E 455.40 feet to a 5/8" iron pin set for the Northeast corner of said gravel pit, an interior corner of said 4343.010 acre tract of land, and the Northeast corner of this survey;

THENCE: Along the East and Southeast line of said gravel pit and a West and Northwest line of said 4343.010 acre tract of land, S 01-50-45 E 293.74 feet to a 5/8" iron pin set for an angle point and S 29-14-42 W 271.08 feet to a 5/8" iron pin set on the Northeast edge of said existing pasture road to the North for an angle point;

THENCE: Along the Northeast edge of said pasture road to the North and a Southwest line of said 4343.010 acre tract of land, the following courses:

S 28-43-17 E 1188.74 feet to a 5/8" iron pin set for an angle point;

S 18-18-02 E 352.20 feet to a 5/8" iron pin set for an angle point;

S 26-44-53 E 215.31 feet to a 5/8" iron pin set for an angle point;  
and

S 23-43-01 E 203.00 feet to a point on the Northwest line of that certain 16,655.987 acre tract of land described in a Deed to Devil's River Ranch, L.L.C. from The Nature Conservancy, dated December 27, 2001, as recorded in Volume 796 on Page 109 of the said Official Public Records, for the lower Southwest corner of said 4343.010 acre tract of land, and the East corner of this survey from which a 5/8" iron pin set by an 8" diameter creosote post bears S 23-43-01 E 4.02 feet;

THENCE: Along a Northwest and Northeast line of said 16,655.987 acre tract of land, the following courses:

S 71-41-49 W 230.31 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, S 59-38-43 W 1081.03 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, S 36-44-29 W 1100.62 feet to a 5/8" iron pin set by an 8" diameter cedar post for an angle point;

Along fence, S 24-21-23 W 1159.52 feet to a 5/8" iron pin set by a 6" diameter cedar post for an angle point;

Leaving fence, S 55-14-28 W 903.90 feet to a 5/8" iron pin set for an angle point;

N 69-05-04 W 2049.47 feet to a 5/8" iron pin set by a 6" diameter cedar post for an angle point;

Along fence, N 09-47-35 W 831.22 feet to a 5/8" iron pin set in fence by an 8" diameter cedar post for an angle point;

Leaving fence, N 54-55-12 W 3311.44 feet to a 5/8" iron pin set for an angle point;

N 07-28-56 E 1344.54 feet to a 5/8" iron pin set for an angle point;

N 72-00-11 W 525.83 feet to a 5/8" iron pin set for an angle point;

N 50-23-09 W 745.46 feet to a 5/8" iron pin set for an angle point;

N 68-32-45 W 241.91 feet to a 5/8" iron pin set for an angle point;

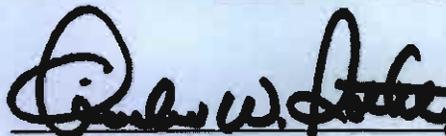
N 46-50-24 W 275.04 feet to a 5/8" iron pin set on the edge of a bluff for an angle point; and

N 57-48-51 W 832.39 feet to a point on the recognized East line of said Survey No. 1012, a recognized middle West line of said Survey No. 25 ¼, a West line of said 21,976.630 acre tract of land, and the upper East line of said Cedar Spring Ranch for the upper Northwest corner of said 16,655.987 acre tract of land and the Southwest corner of this survey;

THENCE: Along the recognized East line of said Survey No. 1012, the recognized middle West line of said Survey No. 25 ¼, a West line of said 21,976.630 acre tract of land, and the upper East line of said Cedar Spring Ranch, N 00-11-42 W 1453.06 feet to the POINT OF BEGINNING.

The bearings are relative to Geodetic North as taken from GPS Observations.

I certify that the foregoing field note description was prepared from an actual survey made under my supervision on the ground and that same is true and correct. Witness my hand and seal this the 7<sup>th</sup> day of July, 2007.

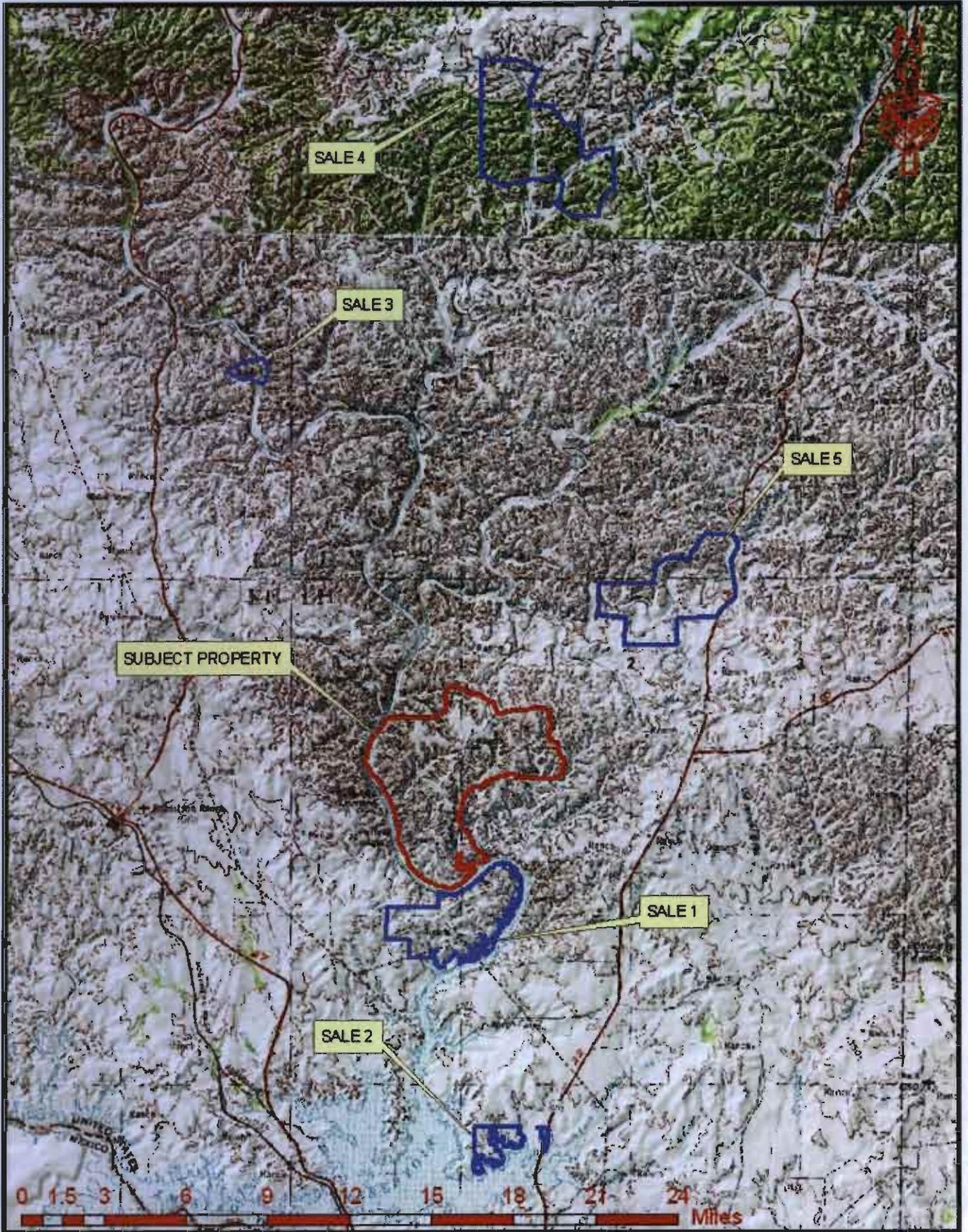


Charles W. Rothe  
Registered Professional Surveyor No. 2453  
1705 Avenue K, P. O. Box 426  
Hondo, Texas 78861  
Ph. (830) 426-3005  
FAX (830) 426-8160



**COMPARABLE DATA MAPS AND DETAILED COMPARATIVE DATA**

COMPARABLE SALES MAP



SALE NO. 1

<b>Index #</b>	5043	<b>Database #</b>	i5043	<b>Sale #</b>	1
<b>Grantor</b>	Lanrock 3/2001, LP	<b>Sales Price</b>	10,500,000	<b>A Property Type</b>	Ranch
<b>Grantee</b>	Hartex Venture Ptnrs	<b>Other Contrib.</b>		<b>B Assured Grazing</b>	
<b>Deeded Acres</b>	6,606.02	<b>Net Sale Price</b>	10,500,000	<b>C Access</b>	Pvd Easment
<b>Mo/Yr Cur. Sale</b>	08/31/2006	<b>\$/Deeded Acre</b>	1589.46	<b>D</b>	
<b>Mo/Yr Prior Sale</b>		<b>Financing</b>		<b>E</b>	
<b>Prior CEV Price</b>		<b>% Fin. Adj.</b>		<b>F</b>	
<b>Prior Index #</b>		<b>CEV Price</b>	10,500,000	<b>G</b>	
<b>Analysis Code</b>		<b>SCA Unit Type</b>	Acres	<b>H</b>	
<b>Source</b>		<b>Eff. Unit Size</b>	6,606.02	<b>I</b>	
<b>Motivation</b>	Agricultural/Recreational	<b>SCA \$/Unit</b>	1,589.46	<b>J</b>	
<b>Highest&amp;BestUse</b>	Agricultural/Recreational	<b>Multiplier Unit</b>		<b>K</b>	
<b>State/Cnty Code</b>	TX / 465	<b>Multiplier No.</b>		<b>L Volume</b>	1017
<b>County/Zone</b>	Val Verde /	<b>Primary Land Use</b>	Agricultural/Recreational	<b>M Page</b>	16
<b>Area/Region</b>		<b>Pri. Commodity</b>	Livestock/Wildlife	<b>N Document #</b>	0228372
<b>SEC/TWP/RGE</b>		<b>Sale:</b>	<input type="checkbox"/> Unimproved <input checked="" type="checkbox"/> Improved	<b>Lease</b>	
<b>Location</b>		<b>Cost:</b>	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<b>Resale</b>	
<b>Legal Description:</b>					

Land Analysis							Unimproved Database #	
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value	
Class I Live Water	100.00 %	6,000.00	Ac. 1,666.34	6,000.00	Acres	X \$ 1,666.34	= \$ 9,998,040	
Class I Native Past	20.00 %	606.02	Ac. 333.27	606.02	Acres	X \$ 333.27	= \$ 201,968	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
<b>Totals</b>		6,606.02	Ac. 1,544.05	6,606.02		X \$ 1,544.05	= \$ 10,200,008	
<b>CEV Price \$</b>	10,500,000	<b>- Land Contribution \$</b>		10,200,008	<b>= Improvement Contribution</b>		299,992	

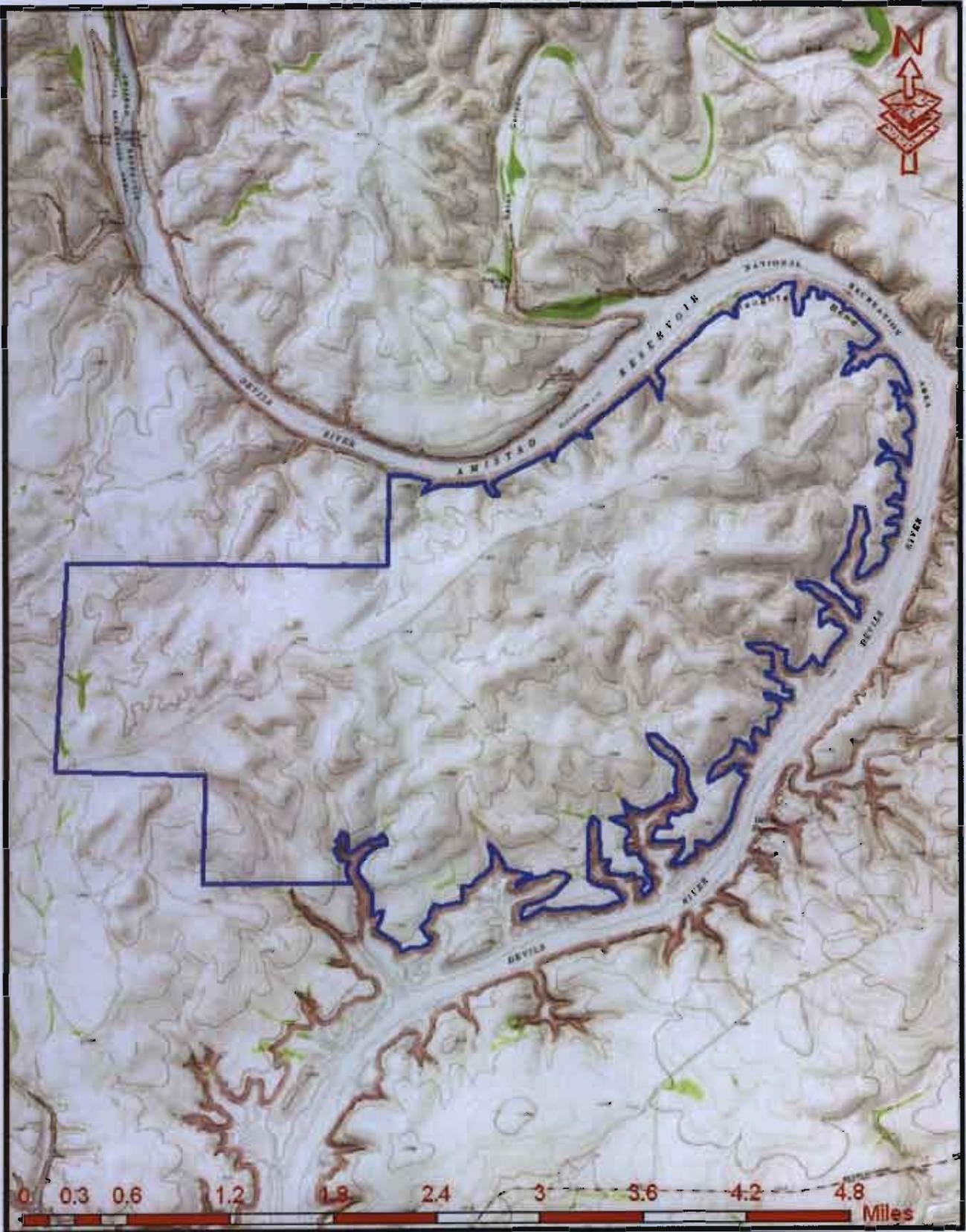
Cost and Depreciation Summary			
Physical Depreciation	%	Functional Obsolescence	%
External Obsolescence	%	Total Depreciation	%
<b>Total RCN \$</b>		<b>Total Improvement Contribution: \$</b>	300,000.0
		<b>Improvement As % of Price</b>	3.00 %

Income Summary			
Summary Total Expenses	/ Stabilized G.I.	= Expense Ratio	%
Net Income	/ CEV Price 10,500,000	= Cap Rate	%
<b>Total Expenses = \$</b>		<b>Net Income = \$</b>	

**Comments:** This sale is located approximately 29 miles NNW of Del Rio, Texas, approximately 6.5 miles north of Hwy 406 paved easement access. The property's topography varies from a low of approximately 1,200 feet to a high of approximately 1,400 feet above sea level. The property has approximately 15 miles of frontage along Lake Amistad which forms the property's east boundary, along with portions of its north and south, boundaries. Most of the property's lake frontage is accessible adding recreational/developmental appeal to the property. The property's value is enhanced by a network of paved roads providing ready access to the majority of the property's acreage.

The property's building improvements include a 2 bedroom 2 bathroom rock residence, a 2 bedroom 1 bathroom rock cabin, and a nearly new mobile home. These improvements are considered to be in good condition with good utility and to have contributed \$300,000 to the property's sale price.

SALE 1 TOPOGRAPHY MAP



SALE NO. 2

<b>Index #</b>	5045	<b>Database #</b>	i5045	<b>Sale #</b>	2
<b>Grantor</b>	Elthaw Longley Trust	<b>Sales Price</b>	2,068,199	<b>A Property Type</b>	Ranch
<b>Grantee</b>	utrey C & Linda Stepha	<b>Other Contrib.</b>		<b>B Assured Grazing</b>	
<b>Deeded Acres</b>	1,256.40	<b>Net Sale Price</b>	2,068,199	<b>C Access</b>	St. Hwy
<b>Mo/Yr Cur. Sale</b>	12/12/2006	<b>\$/Deeded Acre</b>	1646.13	<b>D</b>	
<b>Mo/Yr Prior Sale</b>		<b>Financing</b>		<b>E</b>	
<b>Prior CEV Price</b>		<b>% Fin. Adj.</b>		<b>F</b>	
<b>Prior Index #</b>		<b>CEV Price</b>	2,068,199	<b>G</b>	
<b>Analysis Code</b>		<b>SCA Unit Type</b>	Acres	<b>H</b>	
<b>Source</b>		<b>Eff. Unit Size</b>	1,256.40	<b>I</b>	
<b>Motivation</b>	Agricultural/Recreational	<b>SCA \$/Unit</b>	1,646.13	<b>J</b>	
<b>Highest&amp;BestUse</b>	Agricultural/Recreational	<b>Multiplier Unit</b>		<b>K</b>	
<b>State/Cnty Code</b>	TX / 465	<b>Multiplier No.</b>		<b>L Volume</b>	1031
<b>County/Zone</b>	Val Verde /	<b>Primary Land Use</b>	Agricultural/Recreational	<b>M Page</b>	813
<b>Area/Region</b>		<b>Pri. Commodity</b>	Livestock/Wildlife	<b>N Document #</b>	0230752
<b>SEC/TWP/RGE</b>		<b>Sale:</b>	<input type="checkbox"/> Unimproved <input checked="" type="checkbox"/> Improved	<b>Lease</b>	
<b>Location</b>		<b>Cost:</b>	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<b>Resale</b>	
<b>Legal Description:</b>					

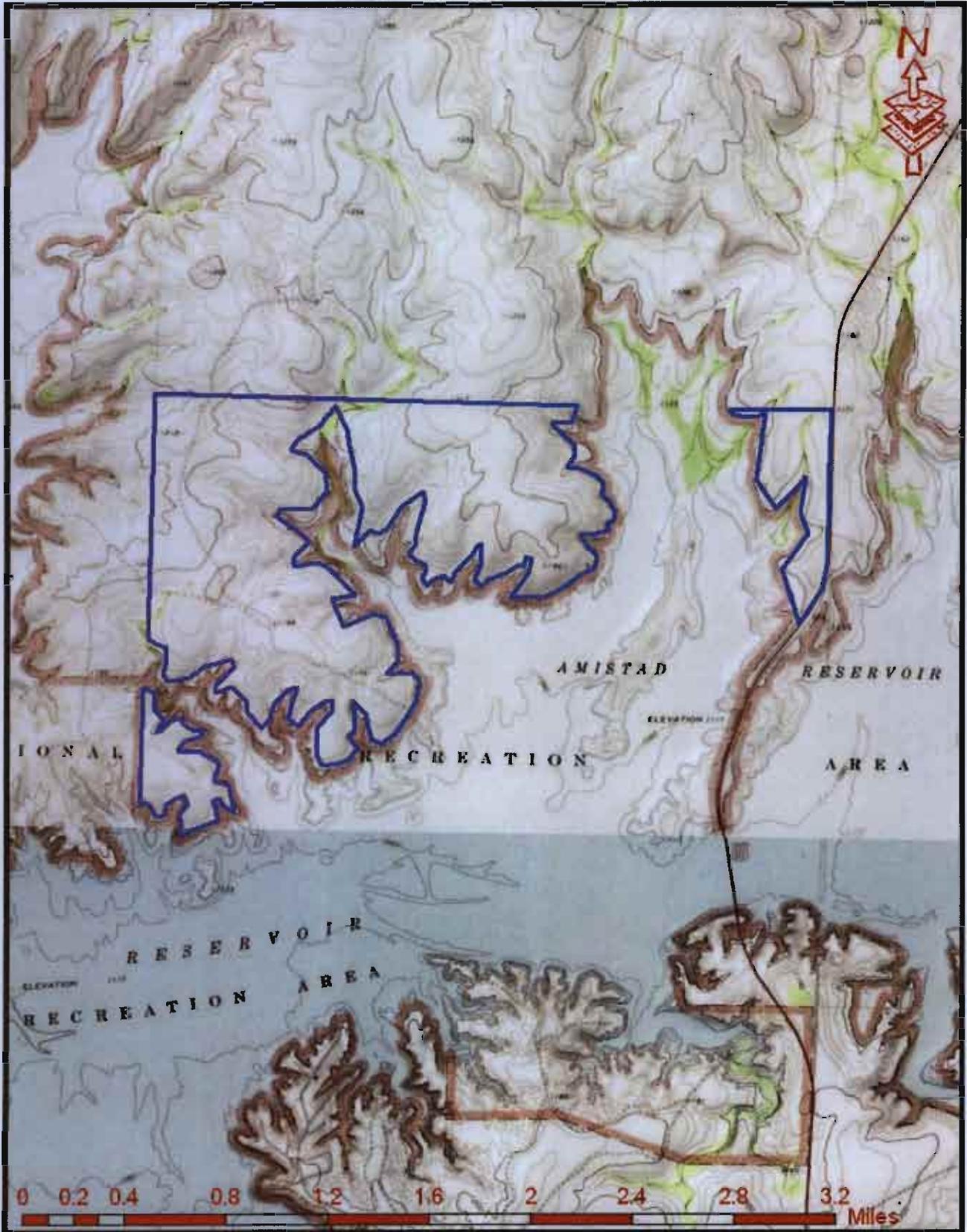
Land Analysis								Unimproved Database #
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value	
Class I Live Water	100.00 %	1,256.40	Ac. 1,646.13			X \$	= \$	2,068,198
Class I Native Past	20.00 %		Ac. 329.23			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
<b>Totals</b>		1,256.40	Ac. 1,646.13			X \$	= \$	2,068,198
<b>CEV Price \$</b>	2,068,199	<b>- Land Contribution \$</b>		2,068,198	<b>= Improvement Contribution</b>			1

Cost and Depreciation Summary			
Physical Depreciation	%	Functional Obsolescence	%
External Obsolescence	%	Total Depreciation	%
Total RCN \$		Total Improvement Contribution: \$	
		Improvement As % of Price	%

Income Summary			
Summary Total Expenses	/ Stabilized G.I.	= Expense Ratio	%
Net Income	/ CEV Price	= Cap Rate	%
	2,068,199		
		<b>Net Income = \$</b>	

**Comments:** The property is located approximately 9 miles north of Del Rio in Val Verde County, Texas. It is accessed via its frontage along the west side of St. Hwy 277. The property has approximately 7 miles of frontage along the north side of Lake Amistad. This portion of the lake has gone dry during times of several years with low rain falls but was full at the time of conveyance. The conservation pool level of Lake Amistad is 1,117 ft above sea level, meaning that any portion of the property lying at or below that level is the property of the State. The property has topography features that result in areas within its boundaries lying at or below the conservation pool level resulting in three noncontiguous tracts of land. In reality, the land owner accesses the entire property via an interior road that runs through the State property, however; this is not owned property and the State could, legally, restrict the owners ability to access the property along this route.

SALE 2 TOPOGRAPHY MAP



SALE NO. 3

<b>Index #</b>	7849	<b>Database #</b>	17849	<b>Sale #</b>	3
<b>Grantor</b>	Don Spenser	<b>Sales Price</b>	1,206,000	<b>A Property Type</b>	Ranch
<b>Grantee</b>	Fort Hudson LP	<b>Other Contrib.</b>		<b>B Assured Grazing</b>	
<b>Deeded Acres</b>	543.00	<b>Net Sale Price</b>	1,206,000	<b>C Access</b>	Easement
<b>Mo/Yr Cur. Sale</b>	04/17/2008	<b>\$/Deeded Acre</b>	2220.99	<b>D</b>	
<b>Mo/Yr Prior Sale</b>		<b>Financing</b>		<b>E</b>	
<b>Prior CEV Price</b>		<b>% Fin. Adj.</b>		<b>F</b>	
<b>Prior Index #</b>		<b>CEV Price</b>	1,206,000	<b>G</b>	
<b>Analysis Code</b>		<b>SCA Unit Type</b>	Acres	<b>H</b>	
<b>Source</b>		<b>Eff. Unit Size</b>	543.00	<b>I</b>	
<b>Motivation</b>	Agricultural/Recreational	<b>SCA \$/Unit</b>	2,220.99	<b>J</b>	
<b>Highest&amp;Best Use</b>	Agricultural/Recreational	<b>Multiplier Unit</b>		<b>K</b>	
<b>State/Cnty Code</b>	TX / 465	<b>Multiplier No.</b>		<b>L Volume</b>	1103
<b>County/Zone</b>	Val Verde /	<b>Primary Land Use</b>	Agricultural/Recreational	<b>M Page</b>	157
<b>Area/Region</b>		<b>Pri. Commodity</b>	Livestock/Wildlife	<b>N Document #</b>	00242298
<b>SEC/TWP/RGE</b>		<b>Sale:</b>	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<b>Lease</b>	
<b>Location</b>		<b>Cost:</b>	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction <input type="checkbox"/> Resale		
<b>Legal Description:</b>					

Land Analysis							Unimproved Database #	
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value	
Class I Live Water	100.00 %	543.00	Ac. 2,220.99			X \$	= \$ 1,205,998	
Class I Native Past	20.00 %		Ac. 444.20			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
	%		Ac.			X \$	= \$	
<b>Totals</b>		543.00	Ac. 2,220.99			X \$	= \$ 1,205,998	
<b>CEV Price \$</b>	1,206,000	<b>- Land Contribution \$</b>	1,205,998	<b>= Improvement Contribution</b>	2			

Cost and Depreciation Summary			
Physical Depreciation	%	Functional Obsolescence	%
External Obsolescence	%	Total Depreciation	%
Total RCN \$		Total Improvement Contribution: \$	
		Improvement As % of Price	%

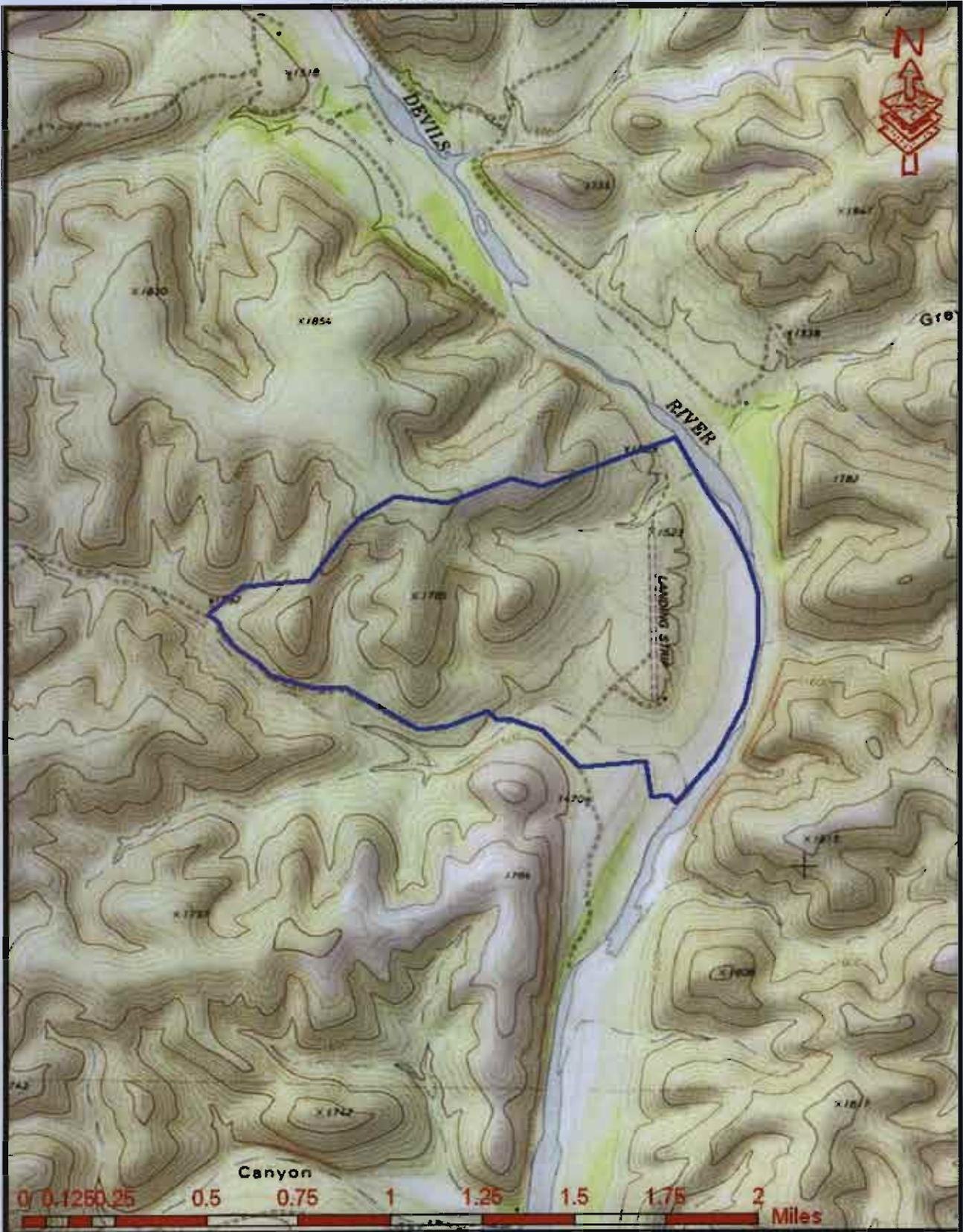
Income Summary			
Summary Total Expenses	/ Stabilized G.I.	= Expense Ratio	%
Net Income	/ CEV Price 1,206,000	= Cap Rate	%
<b>% Total Expenses = \$</b>		<b>Net Income = \$</b>	

**Comments:** This property is located approximately 50 miles northwest of Del Rio in Val Verde County, Texas. It is accessed via a long jeep trail like dirt easement road off of the east side of St. Hwy 163. The property is a combination of open and wooded bottomland and native pasture that is all considered to be influenced by its Devil's River frontage. The property has approximately 1 mile of frontage along the Devil's River which forms its eastern boundary and the river is accessible along its entire frontage.

The property is improved with a dirt runway that was not considered to offer contributory value to the sale transaction primarily due to the property's size. It is noted that the buyer is a pilot and the runway was an added attraction to him, however; runways in the local market tend to be overlooked unless they are paved and on large acreage properties.

Additionally, the seller stated that the agreed upon price of the property was \$2,000 per acre along with the stipulation that the grantee had to build a \$100,000 house for the grantor on the adjoining acreage. The grantee wound up paying a total of \$120,000 for the house and that is the figure utilized in the sale price.

SALE 3 TOPOGRAPHY MAP



**SALE NO. 4**

<b>Index #</b>	7852	<b>Database #</b>	i7852	<b>Sale #</b>	4
<b>Grantor</b>	Wardlaw Trust et al	<b>Sales Price</b>	4,091,571	<b>A Property Type</b>	Ranch
<b>Grantee</b>	John F. White, Jr. et al	<b>Other Contrib.</b>		<b>B Assured Grazing</b>	
<b>Deeded Acres</b>	9,092.38	<b>Net Sale Price</b>	4,091,571	<b>C Access</b>	CR
<b>Mo/Yr Cur. Sale</b>	09/12/2008	<b>\$/Deeded Acre</b>	450.00	<b>D</b>	
<b>Mo/Yr Prior Sale</b>		<b>Financing</b>		<b>E</b>	
<b>Prior CEV Price</b>		<b>% Fin. Adj.</b>		<b>F</b>	
<b>Prior Index #</b>		<b>CEV Price</b>	4,091,571	<b>G</b>	
<b>Analysis Code</b>		<b>SCA Unit Type</b>	Acres	<b>H</b>	
<b>Source</b>		<b>Eff. Unit Size</b>	9,092.38	<b>I</b>	
<b>Motivation</b>	Agricultural/Recreational	<b>SCA \$/Unit</b>	450.00	<b>J</b>	
<b>Highest&amp;Best Use</b>	Agricultural/Recreational	<b>Multiplier Unit</b>		<b>K</b>	
<b>State/Cnty Code</b>	TX / 465	<b>Multiplier No.</b>		<b>L</b>	Volume 1135
<b>County/Zone</b>	Val Verde /	<b>Primary Land Use</b>	Agricultural/Recreational	<b>M</b>	Page 464 & 523
<b>Area/Region</b>		<b>Pri. Commodity</b>	Livestock/Wildlife	<b>N</b>	Document # 00247804 & 247809
<b>SEC/TWP/RGE</b>		<b>Sale:</b>	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved <input type="checkbox"/> Lease		
<b>Location</b>		<b>Cost:</b>	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction <input type="checkbox"/> Resale		
<b>Legal Description:</b>					

Land Analysis						Unimproved Database #	
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Class I Live Water	100.00 %		2,250.00			X \$	= \$
Class I Native Past	20.00 %	9,092.38	450.00			X \$	= \$ 4,091,571
	%					X \$	= \$
	%					X \$	= \$
	%					X \$	= \$
	%					X \$	= \$
	%					X \$	= \$
	%					X \$	= \$
	%					X \$	= \$
<b>Totals</b>		9,092.38	450.00			X \$	= \$ 4,091,571
<b>CEV Price \$</b>	4,091,571	<b>- Land Contribution \$</b>	4,091,571	<b>= Improvement Contribution</b>			

Cost and Depreciation Summary			
Physical Depreciation	%	Functional Obsolescence	%
External Obsolescence	%	Total Depreciation	%
Total RCN \$		Total Improvement Contribution: \$	
		Improvement As % of Price	%

Income Summary			
Summary Total Expenses	/ Stabilized G.I.	= Expense Ratio	%
Net Income	/ CEV Price	= Cap Rate	%
	4,091,571		

**Comments:** This sale is located approximately 52 miles north of Del Rio and is accessed via county road frontage. It is all open and wooded native pasture with rough/hilly topography providing for several deep canyons and big views from the higher points of elevation. The property has adequate interior roads for ready access to the majority of the property.

The property was purchased in two deeds. One deed conveys property to John F. White, Jr. and Edga L. Vines, Jr and the other conveys property to John F. White, Sr. The property was negotiated as a whole and the sale is shown as such.

SALE 4 TOPOGRAPHY MAP



**SALE NO. 5**

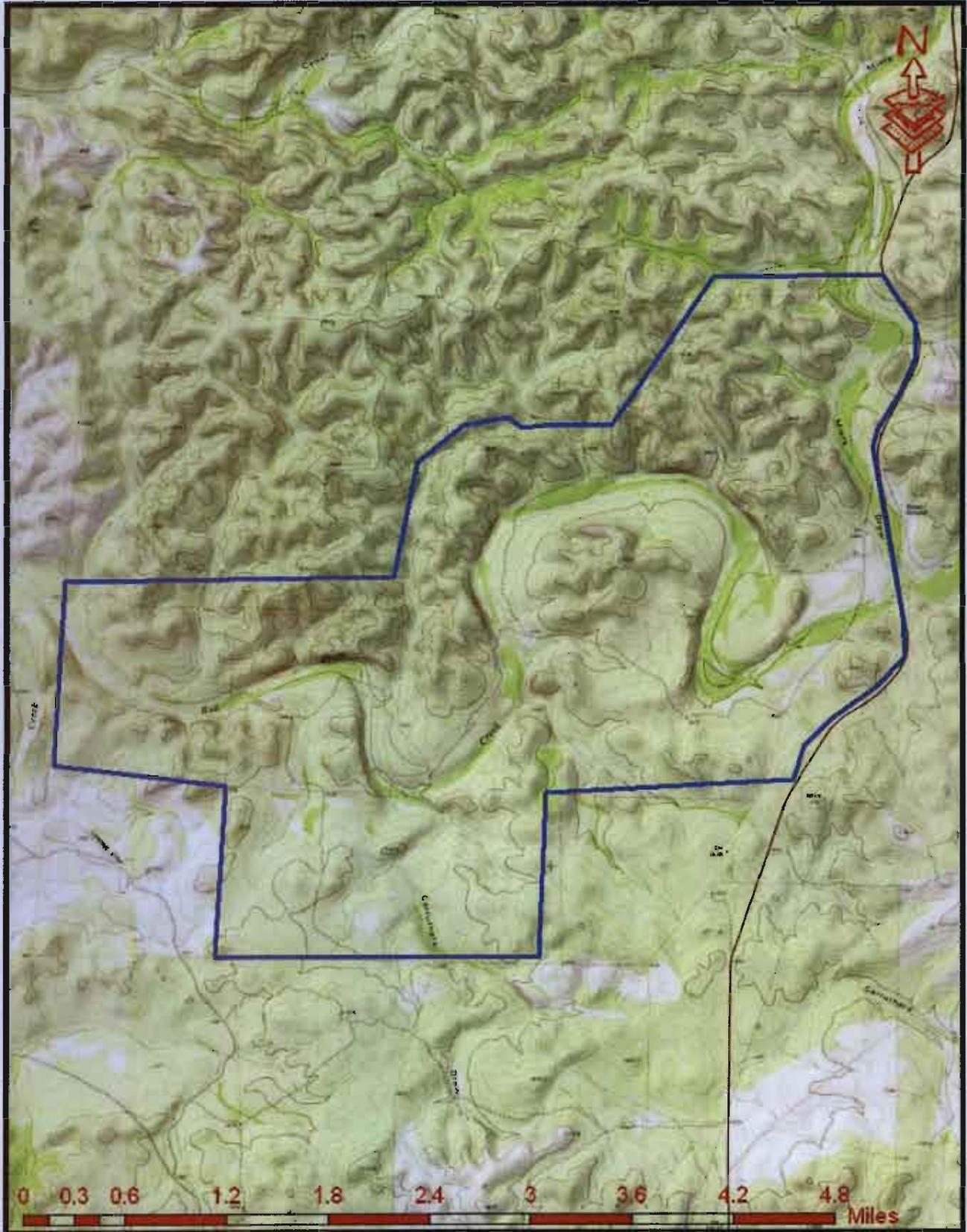
<b>Sale Analysis</b>	<b>Index #</b>	7853	<b>Database #</b>	i7853	<b>Sale #</b>	5
	<b>Grantor</b>	High Divide, LLC	<b>Sales Price</b>	3,335,445	<b>A Property Type</b>	Ranch
	<b>Grantee</b>	R. B. Creek, LLC	<b>Other Contrib.</b>		<b>B Assured Grazing</b>	
	<b>Deeded Acres</b>	7,173.00	<b>Net Sale Price</b>	3,335,445	<b>C Access</b>	St. Hwy
	<b>Mo/Yr Cur. Sale</b>	06/02/2009	<b>\$/Deeded Acre</b>	465.00	<b>D</b>	
	<b>Mo/Yr Prior Sale</b>		<b>Financing</b>		<b>E</b>	
	<b>Prior CEV Price</b>		<b>% Fin. Adj.</b>		<b>F</b>	
	<b>Prior Index #</b>		<b>CEV Price</b>	3,335,445	<b>G</b>	
	<b>Analysis Code</b>		<b>SCA Unit Type</b>	Acres	<b>H</b>	
	<b>Source</b>		<b>Eff. Unit Size</b>	7,173.00	<b>I</b>	
	<b>Motivation</b>	Agricultural/Recreational	<b>SCA \$/Unit</b>	465.00	<b>J</b>	
	<b>Highest&amp;BestUse</b>	Agricultural/Recreational	<b>Multiplier Unit</b>		<b>K</b>	
	<b>State/Cnty Code</b>	TX / 465	<b>Multiplier No.</b>		<b>L Volume</b>	
	<b>County/Zone</b>	Val Verde /	<b>Primary Land Use</b>	Agricultural/Recreational	<b>M Page</b>	
	<b>Area/Region</b>		<b>Pri. Commodity</b>	Livestock/Wildlife	<b>N Document #</b>	00251162
<b>SEC/TWP/RGE</b>		<b>Sale:</b>	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<b>Lease</b>		
<b>Location</b>		<b>Cost:</b>	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction <input type="checkbox"/> Resale			
<b>Legal Description:</b>						

<b>Land Analysis</b>							<b>Unimproved Database #</b>	
Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value	
Class I Live Water	100.00 %		2,325.00			X \$	= \$	
Class I Native Past.	20.00 %	7,173.00	465.00			X \$	= \$ 3,335,445	
	%					X \$	= \$	
	%					X \$	= \$	
	%					X \$	= \$	
	%					X \$	= \$	
	%					X \$	= \$	
	%					X \$	= \$	
<b>Totals</b>		7,173.00	465.00			X \$	= \$ 3,335,445	
<b>CEV Price \$</b>	3,335,445	<b>- Land Contribution \$</b>	3,335,445	<b>= Improvement Contribution</b>				

<b>Cost/Income</b>	<b>Cost and Depreciation Summary</b>			
	Physical Depreciation _____ %	Functional Obsolescence _____ %	External Obsolescence _____ %	Total Depreciation _____ %
	Total RCN \$ _____	Total Improvement Contribution: \$ _____	Improvement As % of Price _____ %	
<b>Income Summary</b>	<b>Income Summary</b>			
	Summary Total Expenses _____ / Stabilized G.I. _____ = Expense Ratio _____ %	Total Expenses = \$ _____	Net Income _____ / CEV Price 3,335,445 = Cap Rate _____ %	Net Income = \$ _____

**Comments:** This sale is located approximately 30 miles north of Del Rio and is accessed via its St. Hwy frontage. The property is a combination of open and wooded native pasture and has rolling to rough topography. The property has frontage along both sides of Red Bluff Creek which is a seasonal water source which holds water during times of abnormally heavy rainfall. The property has poor interior access roads which renders a large portion of the property as being inaccessible by typical vehicles.

SALE 5 TOPOGRAPHY MAP



**APPRAISER QUALIFICATIONS**

## QUALIFICATIONS OF PAUL BIERSCHWALE, ARA, FRICS

I hold the Accredited Rural Appraiser (ARA) designation which is awarded by the American Society of Farm Managers and Rural Appraisers to those members who have had years of experience, are technically trained, have passed a rigid examination and subscribe to a high code of ethics.

### Professional Affiliations:

American Society of Farm Managers and Rural Appraisers  
ARA - Accredited Rural Appraiser, Certificate #619  
President, October 2005 to February 2007  
Royal Institution of Chartered Surveyors  
FRICS Designation  
Texas State Certified Real Estate Appraiser, No. TX-1320175-G  
Texas Chapter American Society of Farm Managers and Rural Appraisers  
President, 1987  
Association of Texas Real Estate Economists  
President, 1979 - 1980  
Foundation Appraisers Coalition of Texas  
President, 1993 - 1994  
The Appraisal Foundation  
Board of Trustees, 2008 to present  
Texas Real Estate Broker, License No. 205652-09  
Gillespie County Board of Realtors  
Texas Association of Realtors  
National Association of Realtors

### Educational Background:

Junction High School (1971), Junction Texas  
Texas A&M University, College Station, Texas  
Bachelor of Science, Agricultural Economics (1975)  
Master of Agriculture, Agricultural Economics (1976)

### Technical Training:

American Institute of Real Estate Appraisers Courses:  
Course 1-A, Basic Appraisal Principals  
Course 1-B, Capitalization Theories and Techniques  
Course VIII, Single Family Residential Appraisal  
Course II-1, Case Studies in Real Estate Valuation  
Course II-2, Valuation Analysis and Report Writing  
Course II-3, Standards of Professional Practice  
American Society of Farm Managers and Rural Appraisers' Advanced Rural Appraisal Course  
Texas Association of Assessing Officers Course 110, Basic Tax Office Administration  
Appraisal, Economics and Finance Courses at Texas A&M University

### Educational Courses Taken through the American Society of Farm Managers & Rural Appraisers:

Course A-12(II), National Uniform Standard of Professional Appraisal Practice  
Course A-12 (I), ASFMRA Code of Ethics  
Course A-12 (III), 7 Hour National USPAP Course  
Course A-12 (III), 7 Hour National USPAP Course  
Course A-114, 7 Hour National USPAP Update Course  
Instructor Workshop  
Windows UAAR Seminar  
GIS Mapping Seminar  
Requirements of UASFLA - The 'Yellow Book'

### **Specialized Teaching:**

Extensive teaching experience at all levels beginning with a rural appraisal course designed and taught to PCA field personnel in 1980. Subsequent teaching includes numerous presentations of technical aspects of appraisal at professional organizations' annual meetings. Specific course teaching assignments include Eminent Domain, 1986 to present, Fundamentals of Appraisal, 1988 to present, Principles of Rural Appraisal, 1988 to present, Advanced Rural Appraisal, 1989 to present, Standards and Ethics, 1990 to present, Administrative Appraisal Review, 1992 to present and Technical Appraisal Review, 1996 to present. Specific Assignments include the following:

#### **Course A-10 Fundamentals of Rural Appraisal (ASFMRA)**

San Antonio, Texas, 1988

Columbia, South Carolina, 1989

Jackson, Mississippi, 1990

Denver, Colorado, 1991

Portland, Oregon, 1992

Lexington, Kentucky, January 1995

Springfield, Illinois, October 1995

Rapid City, South Dakota, November, 2003

#### **Course A-12 Standards and Ethics (ASFMRA)**

Bozeman, Montana, October 1990

St. Louis, Missouri, December 1990

St. Louis, Missouri, December 1991

Spokane, Washington, July 1994

Amarillo, Texas, August 1994

Little Rock, Arkansas, March 1996

Breckenridge, Colorado, June 1996

College Station, Texas, March 2000

East Lansing, Michigan, January 2001

Fredericksburg, Texas, March 2002

Abilene, Texas, March 2003

#### **Course A-20 Principles of Rural Appraisal (ASFMRA)**

Denver, Colorado, 1988

San Diego, California, 1994

Lafayette, Indiana, 1994

Portland, Oregon, April 1995

St. Louis Missouri, May 2001

Austin, Texas, July 2004

#### **Course A-25 Eminent Domain (ASFMRA)**

Fresno, California, June 1986

Austin, Texas, September 2004

#### **Course A-27/28 Income Capitalization (Part I & II) (ASFMRA)**

Denver, Colorado, January 1994

Dayton, Ohio, April 1996

Denver, Colorado, March 2003

#### **Course A-30 Advanced Rural Appraisal (ASFMRA)**

Memphis, Tennessee, 1989

Omaha, Nebraska, August 1990

Phoenix, Arizona, September 1991

Jackson, Mississippi, June 1992

Des Moines, Iowa, September 1992

Billings, Montana, April 1993

Portland, Oregon, March 1994

Traverse City, Michigan, June 1999

Denver, Colorado, August 1999

Denver, Colorado, June 2000

Austin, Texas, October 2002

Denver, Colorado, August 2003

San Antonio, Texas, 2004

St. Cloud, Minnesota, 2004

Wilsonville, Oregon, 2004

Denver, Colorado, May 2005

Jefferson City, Missouri, 2007

#### **Course A-35 Advanced Appraisal Review (ASFMRA)**

Boise, Idaho, September 1996

Denver, Colorado, April 1997

Denver, Colorado, August 1999

St. Peters, Missouri, August 2000

Denver, Colorado, August 2001

Denver, Colorado, July 2003

St. Cloud, Minnesota, March 2004

Denver, Colorado, May 2005

#### **Course A-200 Immediate Approaches to Value for Rural Appraisal (ASFMRA)**

Lansing, Michigan, January 2008

#### **Administrative Review of Appraisal (ASFRMA)**

Spokane, Washington, July 1992

Des Moines, Iowa, September 1992

Plummer, Idaho, May 2004

Tacoma, Washington, November 2004

#### **Appraising Agricultural Chattels (ASFMRA)**

St. Paul, Minnesota, July 1995

#### **Appraising Ag Land in Transition (ASFMRA)**

Wilsonville, Oregon, January 2004

Dundee, Michigan, May 2004

Manhattan, Kansas, February 2005

Tunica, Mississippi, June 2007

**Appraising Rural Residential Properties (ASFMRA)**

Williamsburg, Virginia, May 1999

Chicago, Illinois, October 2005

Dundee, Michigan, February 2006

Salina, Kansas, February 2010

**Real Estate Statistics**

Midland, Texas, June 2002

**Miscellaneous - Numerous presentations at professional meetings including:**

Texas Chapter ASFMRA

Association of Texas Real Estate Economists

Texas Surveyors Association

Texas Association of Assessing Officers

American Society of Appraisers

San Antonio International Farm and Ranch Show

**Publications:**

Co-author of The Appraisal of Rural Property, 2000, ASFMRA and AI. Specific section written was chapter on Leasehold and Leased Fee Estates

**Professional Experience:**

- Presently part owner, Real Estate Appraiser and Real Estate Broker for Bierschwale Land Company, LLC located in Junction, Texas.
- Owner, Real Estate Appraiser and Real Estate Broker for Bierschwale Appraisals located in Junction, Texas from 1982 through 2009.
- Chief Appraiser – Kimble County, Texas from September 1980 to March 1997.
- Worked for James K. Norwood, Inc. in Fort Worth, Texas from January 1977 through December 1981.
- Worked for the Texas Real Estate Research Center at Texas A&M University in College Station, Texas from 1975 through 1977.

Mr. Bierschwale is currently a part owner, Real Estate Appraiser and Real Estate Broker with Bierschwale Land Company, LLC in Junction, Texas, where he works alongside his two sons, Aaron Bierschwale, ARA and Justin Bierschwale, ARA, MRICS. Mr. Bierschwale has been an active field appraiser for all types of real property since January 1977. He is qualified in Federal and Texas State courts as an expert on Real Estate values. His appraisal experience includes residential, commercial, industrial and rural properties for loans, sale, partition, estate settlement, ad valorem taxation, condemnation, and bankruptcy in Texas, Louisiana, Missouri, Oklahoma, Kansas, Arizona and New Mexico.

Mr. Bierschwale was employed by James K. Norwood, Inc. of Fort Worth, Texas from January 1977 through December 1981. He then opened Bierschwale Appraisals located in Junction, Texas in January 1982. He owned and operated Bierschwale Appraisals from January 1982 until the formation of Bierschwale Land Company, LLC with his sons in 2010. From September 1980 through March 1997, Mr. Bierschwale served as Chief Appraiser of the Kimble County Appraisal District, where he oversaw all valuations for ad valorem taxation in the district. He was appointed to the Texas Real Estate Appraiser Certification Committee in 1989, and served through August 1991. This committee set up the original State Certification criteria for real estate appraisers in Texas. Mr. Bierschwale was elected President of ASFMRA in 2005 and served in that capacity until February of 2007. He was appointed to the Board of Trustees of The Appraisal Foundation in 2008 and currently serves in that capacity.

Prior to 1977, Mr. Bierschwale's experience consisted of research on the rural land market of Texas at the Texas Real Estate Research Center at Texas A & M University for two years. During this time, he served a four month internship with the Governor's Office of Education Resources as a special consultant on agricultural values of land across the State.



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

BE IT KNOWN THAT

**PAUL EDGAR BIRSCHWALE**

HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED  
BY THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT,  
TEXAS OCCUPATIONS CODE, CHAPTER 1103,  
IS AUTHORIZED TO USE THE TITLE

**STATE CERTIFIED  
GENERAL REAL ESTATE APPRAISER**

Number: TX-1320175-G

Date of Issue: March 17, 2009

Date of Expiration: March 31, 2011

*In Witness Whereof*



Clinton P. Sayers, Chair  
Malcolm J. Deason  
Dona S. Scurry

James B. Ratliff, Vice-Chair  
William A. Faulk, Jr.  
Shirley J. Ward

  
\_\_\_\_\_  
Clinton P. Sayers, Chair

  
\_\_\_\_\_  
Timothy K. Irvine, Commissioner

Mark A. McAnally, Secretary  
Larry D. Kokel

## **QUALIFICATIONS OF AARON D. BIERSCHWALE, ARA**

**I hold the Accredited Rural Appraiser (ARA) designation which is awarded by the American Society of Farm Managers and Rural Appraisers to those members who have had years of experience, are technically trained, have passed a rigid examination and subscribe to a high code of ethics.**

### **Professional Affiliations:**

American Society of Farm Managers and Rural Appraisers  
ARA – Accredited Rural Appraiser, Certificate #261  
Texas State Certified General Real Estate Appraiser, TX-1337596-G  
Member of Society of Texas A&M Real Estate Professionals (STAMREP)

### **Educational Background:**

Junction High School (1995), Junction, Texas.  
Texas A&M University, College Station, Texas  
Bachelor of Science in Agricultural Economics (2001)

### **Educational Courses Taken through Texas A&M:**

AGEC 105 Introduction to Agricultural Economics  
AGEC 422 Land Economics  
RLEM 314 Principles of Range Management  
AGEC 340 Environment of Agribusiness  
ECON 202 Principles of Macroeconomics  
AGSM 213 Food Plant Engineering  
ECON 203 Principles of Microeconomics  
AGEC 221 Computer Application in Agriculture  
AGEC 314 Marketing Agricultural Products  
STAT 302 Statistical Methods  
AGEC 432 Farm and Ranch Appraisal  
ECON 323 Microeconomic Theory  
AGEC 429 Agricultural Policy  
AGEC 317 Quantitative Analysis in Agricultural Economics  
AGEC 325 Farm and Ranch Management  
AGEC 330 Financial Management in Real Estate  
AGEC 447 Agricultural Prices  
AGEC 485 Directed Studies  
AGRO 301 Soil Science  
AGEC 430 Macroeconomics of Agriculture  
AGEC 425 Advanced Farm and Ranch Management

### **Educational Courses Taken through the American Society of Farm Managers & Rural Appraisers:**

Course A20 Principles of Rural Appraisal  
Course A12 (II) Uniform Standard of Professional Appraisal  
Course A30 Advanced Rural Appraisal  
Course A12 Code of Ethics Part I  
Course A25 Eminent Domain  
Course A290 General Market Analysis and Highest & Best Use  
Course A330 Advanced Rural Appraisal  
Course A114 7 Hour National USPAP Course

### **Educational Courses Taken through the National Association of Independent Fee Appraisers:**

Course 1.1 Principles of Residential Real Estate Appraising

**Educational Courses Taken through the Appraisal Institute:**

- Course 1410N Uniform Standard of Professional Appraisal Practices
- Course 1410N Uniform Standard of Professional Appraisal Practices
- Course 403G General Appraiser Income Approach (Part I)
- Course 404G General Appraiser Income Approach (Part II)

**Educational Courses Taken through the American Society of Appraisers:**

- Course ALL215 Appraisal Report Writing

**Professional Experience:**

- Presently part owner and Real Estate Appraiser for Bierschwale Land Company, LLC, located in Junction, Texas.
- Worked as appraiser trainee for AgTexas Farm Credit Bank, FCA in Stephenville, Texas from August 2001 to July 2004.
- Worked for Bierschwale Appraisals in Junction, Texas throughout the summers of 2000 and 2001.
- Worked for Texas A&M Real Estate Research Center in College Station, Texas from August 1995 to May 2001.

Mr. Bierschwale is currently part owner and appraiser with Bierschwale Land Company, LLC, in Junction, Texas, where he works alongside his father, Paul Bierschwale, ARA, FRICS and brother, Justin Bierschwale, ARA, MRICS. Mr. Bierschwale has performed appraisals and/or research for appraisals during his career on properties located all over the state of Texas along with various properties located in Arizona, New Mexico, Colorado, Kansas, Georgia, and Oklahoma. Recent valuation projects which Mr. Bierschwale has been involved in include the U. S. Border Fence with Mexico, 345 Kv Powerline projects for both the acquiring agency and the landowners, and potential trade situations between the State of Texas and private landowners, along with more typical situations involving loans, estates, partial interests and easements.

Mr. Bierschwale's previous job was as a Real Estate Appraiser Trainee for AgTexas Farm Credit Bank, FCA where he trained under James Synatzske, ARA & B.L. Jones, ARA. There he was responsible for performing appraisal reports on agricultural use, recreational use, rural residential use, and special interest use properties covering most of the northern half of Texas.

Mr. Bierschwale graduated from Texas A&M University in May 2001. He is currently an active member in the Society of Texas A&M Real Estate Professionals and the American Society of Farm Managers and Rural Appraisers (ASFMRA). He serves on many levels of committees within ASFMRA including the Auction Committee and New Member Committee. Mr. Bierschwale received the Early Career Award at the ASFMRA National Convention in 2007 and received his ARA designation at the ASFMRA National Convention in 2008.

Mr. Bierschwale is an active member of his local community. He has served on the Chamber of Commerce board from 2004 to present, the Junction Tourism Board 2009 to present and is a Junction City Councilman 2009 to present. He has been a contributor to the Rural Land Values Seminar from 2001 to present.



**TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD**

*BE IT KNOWN THAT*

**AARON DOUGLAS BIERSCHWALE**

*HAVING PROVIDED SATISFACTORY EVIDENCE OF THE QUALIFICATIONS REQUIRED  
BY THE TEXAS APPRAISER LICENSING AND CERTIFICATION ACT,  
TEXAS OCCUPATIONS CODE, CHAPTER 1103,  
IS AUTHORIZED TO USE THE TITLE*

**STATE CERTIFIED  
GENERAL REAL ESTATE APPRAISER**

**Number: TX-1337596-G**

**Date of Issue: December 1, 2009**

**Date of Expiration: December 31, 2011**

*In Witness Whereof*



Handwritten signature of Clinton P. Sayers in black ink.

Clinton P. Sayers, Chair

Handwritten signature of Douglas K. Oldmixon in black ink.

Douglas K. Oldmixon, Commissioner

Clinton P. Sayers, Chair  
Walker R. Beard  
Danny R. Perkins

James (Jamie) B. Ratliff, Vice Chair  
Robert D. Davis, Jr.  
Bill F. Schneider

Mark A. McAnally, Secretary  
Luis F. De La Garza, Jr.  
Douglas L. Walz