FINAL REPORT

As Required by

THE ENDANGERED SPECIES PROGRAM

TEXAS

Grant No. TX E-144-RL
(F12AP00218)

Endangered and Threatened Species Conservation

Lesser Prairie Chicken Habitat Acquisition in the Yoakum Dunes Region of Texas

Prepared by:

Jeff Francel

Carter Smith
Executive Director

Clayton Wolf
Division Director, Wildlife

28 June 2013

FINAL REPORT

STATE: Texas **GRANT NUMBER:** TX E – 144-RL

GRANT TITLE: Lesser Prairie Chicken Habitat Acquisition in the Yoakum Dunes Region of Texas

REPORTING PERIOD: 1 Apr 2012 to 31 Mar 2015

OBJECTIVE(S):

To acquire in fee simple 3,500 acres of the Moore-Shaheen Ranch adjacent to the Conservancy's Yoakum Dunes Preserve to create the largest single protected expanse of occupied Lesser Prairie Chicken habitat in Texas, a crucial population in the southwestern portion of its current range.

Segment Objectives:

Complete Due Diligence (appraisal, survey, title review)	April 2012
Exercise Option	May 2012
Acquire Property	June 2012
Final Report to TPWD/USFWS	Summer 2012

Significant Deviation: None.

Summary Of Progress: See Attachment A, and accompanying acquisition documents (Settlement Statement, Contract for Sale, Title Insurance Policy, and file-stamped recorded Deed) for each of the three properties (Moore-Shaheen, Biggerstaff, Batjer Shelton).

Location: Yoakum and Cochran counties, TX

Cost: Costs were not available at time of this report.

Prepared by: Craig Farquhar **Date:** 28 June 2013

Approved by: _____ **Date:** 28 June 2013
C. Craig Farquhar

Attachment A

Final Report
TX E-144-RL
Lesser Prairie Chicken Habitat in the Yoakum Dunes Region of Texas

Project overview

In early 2012, The Nature Conservancy was awarded $730,644 from Section 6 Recovery Land Acquisition funds to purchase an approximately 3500acre portion of the Moore-Shaheen property in Yoakum and Cochran Counties, Texas. The Conservancy agreed to provide $408,956 in matching funds. The purpose of the grant was to acquire habitat adjacent to the Conservancy's Yoakum Dunes Preserve to benefit the Lesser Prairie Chicken.

Purchase

Between August 29 and November 26, 2012, the Conservancy purchased 3,364.12 acres. The acquisition occurred in four transactions involving three different owners. The Nature Conservancy acquired the land parcel submitted in the original grant application; the discrepancy in the acreage is due to a more accurate boundary survey that was completed as part of the purchase. The first and largest transaction was completed in August with the owners, F. E. Shaheen and Buddy Moore. In September, two properties were acquired from separate owners: Janice Biggerstaff and Clay West sold owned an undivided interest in 159.75 (the other undivided interest was acquired from Buddy Moore and F.E. Shaheen) and Susan Shelton and Jacqueline Batjer sold 320.24 acres. A third tract was acquired from Moore and Shaheen after a risk assessment on a title issue involving wind energy production.

The total purchase price for the 3,364.12 was $1,059,698 excluding due diligence and closing costs. The purchase price of $315 per acre was confirmed by a USFLA appraisal that was reviewed and approved by a qualified USFLA review appraiser.

Management

The land purchased with this grant will be managed in accordance with the goals of the grant agreement, specifically to benefit the recovery of the Lesser Prairie Chicken. Management of this property will comply with any recovery plans for the LPC, if such a plan is created. Public access will be limited in occupied habitat areas and it is not anticipated that any facilities would be located on the property other than water distribution or other improvements developed directly for preserve management or to benefit the species. The Conservancy will operate this property along with the remainder of the Yoakum Dunes Preserve for biological research and outreach to the

public and local stakeholders, including other private landowners in the area. This outreach will focus on the diverse, vital, and fragile wildlife habitat and plant communities found in the vicinity of the Yoakum Dunes Preserve. In addition, the Conservancy may lease the property for compatible hunting or agricultural practices that benefit the LPC habitat.

The Nature Conservancy
Protecting nature. Preserving life.

1007 Leavenworth St.
Omaha, NE 68102

Tel (402) 342-0282
Fax (402) 342-0474

nature.org/nebraska

TX E-144-R

January 18, 2013

Dr. C. Craig Farquhar
Endangered Species Grants Coordinator
Wild Division
Texas Parks and Wildlife Department
4200 Smith School Road
Austin, TX 78744

PO#: 426172
Recpt'd in: 1/23/13
Recv'd Goods/Services: Dec 2012
Recv'd Invoice: 1/23/13
Receipt #: 475586

RE: Invoice No. 1-Final / TWPD Contract No. 426172 / Lesser Prairie Chicken Habitat in the Yoakum Dunes Region of Texas

Dear Craig:

Enclosed please find The Nature Conservancy's first and final invoice for acquisitions made under the above-referenced Contract, in the amount of $715,145.46. The Nature Conservancy contributed matching funds to this project in the amount of $400,280.73.

In addition to our invoice, please find a Settlement Statement, Contract for Sale, Title Insurance Policy and a file-stamped recorded copy of the deed for each of the acquisitions make in the Yoakum Dunes Region (Moore-Shaheen; Biggerstaff; and Batjer Shelton).

The Nature Conservancy's project manager under this Contract, Jeff Francell, will be submitting the final report to your attention under separate cover by January 25, 2013.

Please do not hesitate to contact either Jeff Francell at 512-623-7250 or jfrancell@tnc.org, or me at 402-342-0282; ext. 1007 or kdoy@tnc.org if you have questions or require further information.

Sincerely,

Kathy Doy
Sr. Grants Specialist – Worldwide Office, Grants Services Network
The Nature Conservancy

Approved for Payment
JAN 28 2013
Craig Farquhar

The Nature Conservancy	1. CONTRACT NO. 426172	PAGE 1 OF 1
REQUEST FOR ADVANCE OR REIMBURSEMENT	2. TYPE OF PAYMENT REQUESTED "X" one box: ADVANCE ☐ REIMB. ☑	3. INVOICE NUMBER 1430263879; et al

4. AGENCY TO WHICH THIS REQUEST IS SUBMITTED	5. PERIOD COVERED BY THIS REQUEST	
Dr. C. Craig Farquhar *Endangered Species Grants Coordinator* *Wildlife Division* *Texas Parks & Wildlife Department* *4200 Smith School Road* *Austin, TX 78744*	FROM (month, day, year)	TO (month, day, year)
	August 20, 2012	December 31, 2012

6. RECIPIENT ORGANIZATION	7. EFT PAYMENT INFORMATION:
Remit checks to: *Susan Yang* *The Nature Conservancy* *318 Congress Avenue* *Austin, TX 78701*	*For EFT:* *Bank of America, Richmond, VA* *1111 E. Main Street, Richmond, VA 23219* *ABA Rounting No:* 051000017 *Account No:* 004112981822 *Account Name:* The Nature Conservancy

8. COMPUTATION OF REIMBURSEMENT REQUESTED

	Current Expenses	Cumulative Expenses
Conservation Land - Fee Title	1,058,922.60	1,058,922.60
Appraisal Costs	6,950.00	6,950.00
Survey Costs	48.00	48.00
Closing Costs	16,308.66	16,308.66
Salaries; Per Diem; & Assoc Costs	27,409.75	27,409.75
Miscellaneous	853.42	853.42
Other		
Total Direct Charges	1,110,492.43	$1,110,492.43
Indirect Charges @ 18%	4,933.76	4,933.76
Totals	$1,115,426.19	$1,115,426.19
Total Outlays		**$1,115,426.19**
Less Non-State Share of Total (35.8859%)		**400,280.73**
State Share of Total (64.1141%)		**715,145.46**
Less State Payments Received		**0.00**
State Share Now Requested		**$715,145.46**

9. CERTIFICATION

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REQUEST SUBMITTED
[signature]	04/18/2013
TYPED OR PRINTED NAME AND TITLE	TELEPHONE (AREA CODE, NUMBER, EXT.)
Jeff Francell, Accoc Director of Land Protection	512-623-7250

Wildlife and Sport Fish Restoration Program
Summary of Land Costs

State : Texas

Grantee: Texas Parks & Wildlife Department

Subgrantee (if applicable): The Nature Conservancy

County(ies): Cochran

Grant No.: TX E-144-RE-1

Grant Title: Endangered Species Recovery Land Acquistion Program

Grant Period: April 1, 2012 - March 30, 2015

Grant Funding Approved	Federal	State / Third Party	Total
Estimated Costs	$ 730,644.00	$ 408,956.00	$ 1,139,600.00
Cost Share Percentage	64.1141%	35.8859%	100%

Acquisition Name: Lesser Prairie Chicken Habitat Acquisition in the Yoakum Dunes Region of Texas

Grantor: Texas Parks and Wildlife Department

Date Acquired: November 26, 2012

Acreage: 3,365.79 acres

Appraised Value: $1,100,000.00

Acquisition Costs (Actual)		Notes Re: Acquisition Costs
Purchase Price	$ 1,058,922.60	
Appraisal Costs	$ 6,950.00	
Relocation Costs	$ -	
Survey Costs	$ 48.00	
Closing Costs	$ 16,308.66	
Salaries, Per Diem & Associated Costs	$ 32,343.51	
In-Kind Match Value		
Miscellaneous (including Lands Donated Value)	$ 853.42	

TOTAL COST	$ 1,115,426.19
Total Federal Reimbursement (Stewardship Investment)*	$ 715,145.46
Excess Match**	$ -

Instructions

* If Total Cost < Total Grant Funding Estimate then fill out actual costs/reimbursement section below. If Total Cost = Total Grant Funding Estimate then same amount. If Total Cost > Total Grant Funding Estimate then place amount from E49 here.

** When Total Cost (actual) > Total Grant Funding Estimate then place difference here.

Final Grant Costs	Federal	State / Third Party	Total
Cost Share Percentage	64.1141%	35.8859%	100%
Actual Costs/Reimbursement	$ 715,145.46	$ 400,280.73	$ 1,115,426.19

Comments:

A. Settlement Statement (HUD-1)

B. Type of Loan

1. [ ] FHA 2. [ ] RHS 3. [ ] Conv. Unins
4. [ ] VA 5. [ ] Conv. Ins 6. [X] Other

8. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:
9648		

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower:	E. Name & Address of Seller:	F. Name & Address of Lender:
The Nature Conservancy By _____, its _____ P.O. Box 1440 San Antonio, TX 78295	R. D. Batjer, Jr. Credit Shelter Trust by Jacqueline Bye Batcher, Trustee 1942 South Seventh St. Abilene, TX 79602 Susan Batjer Shelton 725 Rivercrest Drive Abilene, TX 79605	
G. Property Location: The North One-half (N/2) of Section 25, Block O, John H. Gibson Survey, Yoakum County, Texas	H. Settlement Agent: Yoakum County Abstract Company Place of Settlement: 630 Cowboy Way P.O. Box 457 Plains, TX 79355	I. Settlement Date: 08/31/2012 Settlement Agent ID 75-1968460 Phone No.: (806) 456-2615

J. Summary of Borrower's Transaction

100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sale Price	100,876.00
102. Personal property	
103. Settlement charges to borrow (line 1400)	1,125.00
104.	
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. DCISD taxes to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER:	102,001.00
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	2,500.00
202. Principal amount of new loan from	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes	
211. All property taxes 01/01/12 to 08/31/12	53.95
212. DCISD taxes	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID/BY FOR BORROWER:	2,553.95
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross amount due from borrower (line 120)	102,001.00
302. Less amounts paid by/for borrower (line 220)	(2,553.95)
303. Cash [X] From [ ] To Borrower/Buyer	99,447.05

K. Summary of Seller's Transaction

400. GROSS AMOUNT DUE SELLER:	
401. Contract sales price	100,876.00
402. Personal property	
403.	
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes to	
407. County taxes to	
408. DCISD taxes to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER:	100,876.00
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (see instructions)	
502. Settlement charges to seller (line 1400)	0.00
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan to	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes	
511. All property taxes 01/01/12 to 08/31/12	53.95
512. DCISD taxes	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	53.95
600. CASH AT SETTLEMENT TO/FROM SELLER	
601. Gross amount due to seller (line 420)	100,876.00
602. Less total reducts in amt due seller (line 520)	(53.95)
603. Cash To [X] [ ] From Seller	100,822.05

A. Settlement Statement (HUD-1)

B. Type of Loan

1. [ ] FHA 2. [ ] RHS 3. [ ] Conv. Unins. 4. [ ] VA 5. [ ] Conv. Ins 6. [X] Other	6. File Number: 9648	7. Loan Number:	8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower: The Nature Conservancy By _____, Its _____ P.O. Box 1440 San Antonio, TX 78296	E. Name & Address of Seller: R. D. Batjer, Jr. Credit Shelter Trust by Jacqueline Bye Batcher, Trustee 1942 South Seventh St. Abilene, TX 79602 Susan Batjer Shelton 725 Rivercrest Drive Abilene, TX 79605	F. Name & Address of Lender:
G. Property Location: The North One-half (N/2) of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas	H. Settlement Agent: Yoakum County Abstract Company Place of Settlement: 630 Cowboy Way P.O. Box 457 Plains, TX 79355	I. Settlement Date: 08/31/2012 Settlement Agent ID: 76-1968460 Phone No.: (806) 456-2615

J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. GROSS AMOUNT DUE FROM BORROWER:		**400. GROSS AMOUNT DUE SELLER:**	
101. Contract Sale Price	100,875.00	401. Contract sales price	100,875.00
102. Personal property		402. Personal property	
103. Settlement charges to borrow (line 1400)	1,125.00	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. DCISD taxes to		408. DCISD taxes to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER:	102,001.00	**420. GROSS AMOUNT DUE TO SELLER:**	100,875.00
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		**500. REDUCTIONS IN AMOUNT DUE TO SELLER:**	
201. Deposit or earnest money	2,500.00	501. Excess Deposit (see instructions)	
202. Principal amount of new loan from		502. Settlement charges to seller (line 1400)	0.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan to	
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes		510. City/town taxes	
211. All property taxes 01/01/12 to 08/31/12	53.95	511. All property taxes 01/01/12 to 08/31/12	53.95
212. DCISD taxes		512. DCISD taxes	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY FOR BORROWER:	2,553.95	**520. TOTAL REDUCTION AMOUNT DUE SELLER**	53.95
300. CASH AT SETTLEMENT FROM/TO BORROWER:		**600. CASH AT SETTLEMENT TO/FROM SELLER**	
301. Gross amount due from borrower (line 120)	102,001.00	601. Gross amount due to seller (line 420)	100,875.00
302. Less amounts paid by/for borrower (line 220)	(2,553.95)	602. Less total reducts in amt due seller (line 520)	(53.95)
303. Cash [X] From [ ] To Borrower/Buyer	99,447.05	**603. Cash To [X] [ ] From Seller**	100,822.05

L. Settlement Charges

700. TOTAL SALES/BROKER'S COMMISSION	Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
Division of commission (line 700) as follows:		
701.		
702.		
703. Commission paid at settlement to		
704.		

800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination fee		
802. Loan Discount		
803. Appraisal Fee to		
804. Credit Report to		
805. Lender's inspection fee		
806. Mortgage Insurance application fee		
807. Assumption Fee		
808.		
809.		
810.		
811.		

900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest		
902. Mortgage insurance premium		
903. Hazard insurance premium to		
904.		
905.		

1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard insurance mo. @ per mo		
1002. Mortgage insurance mo. @ per mo		
1003. City property taxes mo. @ per mo		
1004. County property taxes mo. @ per mo		
1005. DCISD property taxes mo. @ per mo		
1006.		
1007.		
1008. Aggregate Accounting Adjustment		

1100. TITLE CHARGES		
1101. Settlement or Closing Fee		
1102. Abstract or title search		
1103. Title examination		
1104. Title insurance binder		
1105. Document preparation to		
1106. Notary fees		
1107. Attorney's fees to		
1108. Title insurance-Title Resources Guaranty Company.	848.00	
1109. Lender's coverage		
1110. Owner's coverage $100,876.00		
1111. State of Texas Policy Guarantee Fee	2.00	
1112. Internet Delivery, Overnight fees-Yoakum Co. Abs	20.00	
1113. Escrow Fee-Yoakum County Abstract Company	200.00	

1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees Deed $35.00 Rel $	35.00	
1202. City/county tax/stamps		
1203. State tax/stamps		
1204. Tax Certificates-Taxing Authorities	20.00	
1205.		

1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to Where on Earth (paid in GF 9615)		
1302. Pest inspection to		
1303.		
1304.		
1305.		
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)	**1,125.00**	**0.00**

YOAKUM COUNTY
2012-3508

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

THE STATE OF TEXAS §
§
COUNTY OF YOAKUM §

SPECIAL WARRANTY DEED

Date: August 29, 2012

Grantor: JACQUELINE BYE BATJER, TRUSTEE
THE ROBERT D. BATJER, JR. CREDIT SHELTER TRUST
Mailing address: 1942 South 7th Street, Abilene, Texas 79602

and

SUSAN BATJER SHELTON
Mailing address: 725 Rivercrest Drive, Abilene, Texas 79605

Grantee: THE NATURE CONSERVANCY, a District of Columbia non-profit corporation
Mailing address: 4245 N. Fairfax Dr., Suite 100, Arlington, Virginia 22203
With local address of: 318 Congress Ave., Austin, Texas 78701 [Travis County]

Consideration: TEN AND NO/100THS DOLLARS ($10.00) and other good and valuable consideration.

Property: The North one-half (N/2) of Section 25, Block D, John H. Gibson Survey, located in Yoakum County, Texas. This conveyance includes all rights, hereditaments, and appurtenances belonging to the Property, including, without limitation, all of Grantor's right, title, and interest, if any, in and to (i) any easements, rights of way, or rights of ingress and egress benefiting the Property, (ii) any "excess land", "vacancies", strips and gores between the Property and abutting properties, and land lying in or under any public road, highway or the bed of any creek, stream or river running through or abutting or adjacent to the Property, whether owned or claimed by deed, limitations, or otherwise, (iii) any riparian, water, wind, development or wastewater rights appurtenant to the Property, and (iv) any and all claims, demands and causes of action of whatever kind or nature against any person, accruing from or during Grantor's ownership of the Property or which Grantor may otherwise own, for or relating to pollution, damage or other injury to the surface and/or subsurface of the Property, whether arising by breach of contract, tort, strict liability, statute, regulation or otherwise.

Reservations from Conveyance: Grantor reserves all of Grantor's interest in and to all oil, gas, methane, and other liquid or gaseous hydrocarbons in and under and that is produced or producible from the Property, subject however to a surface waiver with the following restrictions: (i) no development, exploration, extraction or production activities or operations under the authority of or by virtue of these reserved rights or interests of Grantor shall be conducted on the Property, (ii) Grantor waives and conveys to Grantee the right of ingress and egress to and from the surface of the Property involving these reserved rights or interests of Grantor, and (iii) any activities and operations involving these reserved

rights or interests of Grantor that are conducted or carried out on land owned by Grantor other than the Property shall in no manner interfere with the surface or subsurface support of any structures, improvements, or natural habitat features on the Property.

Exceptions to Conveyance and Warranty (to the extent same are valid and existing and affect the Property): Those certain exceptions more particularly described below:

1. All previous reservations of oil, gas, and other minerals of record, together with all rights, privileges, and immunities related thereto; and

2. Lack of a right of access to and from the Property.

Taxes for the current year have been prorated to the date hereof and are assumed by the Grantee; provided, however, that if Grantor's change in the use of the Property prior to this Deed or denial of a special use valuation results in the assessment of additional taxes regarding the Property for periods prior to this Deed, then Grantor shall be responsible for the payment of such taxes.

Grantor Susan Batjer Shelton is not joined by her spouse, if any, because she is dealing with her sole and separate property.

Grantor, for the consideration and subject to the Reservations from Conveyance and Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's successors and assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, successors, and assigns to warrant and forever defend all and singular the Property to Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, when the claim is made by, through, or under Grantor but not otherwise, except as to the Reservations from Conveyance and Exceptions to Conveyance and Warranty.

Grantee acknowledges that payment for the Property is made available by a Non-Traditional Section 6 Endangered Species Recovery Land Acquisition Grant funded by the United States Secretary of the Interior, thereby creating a Federal interest in the Property. The Grantee shall not dispose of or encumber its title or other interest in the Property without permission and instructions from the United States except as expressly permitted by the grant. In the event the Grantee fails to fully comply with the terms and conditions set forth through the acceptance of the Non-Traditional Section 6 Endangered Species Recovery Land Acquisition Grant, Grant # E-144-RL, after having been given written notice of such alleged failure and a reasonable opportunity to cure the same, the property interest acquired with the grant funds or the grant funds themselves shall be subject to transfer, replacement, or repayment proportionally to the United States in accordance with instructions from the United States and applicable law. No right of access by the general public is granted to any portion of the Property subject to these restrictions merely by virtue of the fact that all or a portion of the Property was acquired using federal grant funds or used as a match there under; provided, however, if the owner of the Property permits access to the general public to the Property subject to these restrictions, then such access shall be open to all persons who are otherwise eligible regardless of race, color, national origin, sex, age or disability.

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

This Deed may be may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

Executed as of the date set forth above.

GRANTOR:

THE ROBERT D. BATJER, JR. CREDIT SHELTER TRUST

By: Jacqueline Bye Batjer
Jacqueline Bye Batjer, Trustee

THE STATE OF TEXAS §
§
COUNTY OF Taylor §

This instrument was acknowledged before me on the 29th day of August, 2012, by JACQUELINE BYE BATJER, TRUSTEE OF THE ROBERT D. BATJER, JR. CREDIT SHELTER TRUST, in such capacity on behalf of said trust.

[SEAL]

JLYNN KEHR
Notary Public, State of Texas
My Commission Exp 05-07-14

J Lynn Kehr
NOTARY PUBLIC

GRANTOR:

Susan Batjer Shelton

SUSAN BATJER SHELTON

THE STATE OF TEXAS §
§
COUNTY OF Taylor §

This instrument was acknowledged before me on the 29th day of August, 2012, by SUSAN BATJER SHELTON.

[SEAL]

JLYNN KEHR
Notary Public, State of Texas
My Commission Exp 05-07-14

J Lynn Kehr

NOTARY PUBLIC

AFTER RECORDING RETURN TO:
The Nature Conservancy
Attn: Legal
200 E. Grayson St., Suite 202
San Antonio, Texas 78215

THE STATE OF TEXAS }{
COUNTY OF YOAKUM }{ #2012-3508
I, DEBORAH L. RUSHING, County Clerk, do hereby Certify that this Instrument was filed and imaged for official public records on 9/13/12 at 8:00 A.M in this office.

PAID: $ 27.00
WITNESS MY HAND AND SEAL
By Kathy Fox

1143- 026046

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF TITLE INSURANCE

Issued by

Title Resources Guaranty Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, TITLE RESOURCES GUARANTY COMPANY, a Texas corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
   (a) A defect in the Title caused by:
      (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
      (ii) failure of any person or Entity to have authorized a transfer or conveyance;
      (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
      (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
      (v) a document executed under a falsified, expired or otherwise invalid power of attorney;
      (vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
      (vii) a defective judicial or administrative proceeding.
   (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
   (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
   (d) Any statutory or constitutional mechanic's, contractor's, or materialman's lien for labor or materials having its inception on or before Date of Policy.
3. Lack of good and indefeasible Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
   (a) the occupancy, use or enjoyment of the Land;
   (b) the character, dimensions or location of any improvement erected on the Land;
   (c) subdivision of land; or
   (d) environmental protection

   if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective:
   (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or
   (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
      (i) to be timely, or
      (ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

Title Resources Guaranty Company

Myrna Boulter
An Authorized Signature
Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
Plains, Texas

By: Paul McNulty
Executive Vice President

Michael P. Gaydon
Secretary

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions or location of any improvement erected on the Land;
   (iii) subdivision of land; or
   (iv) environmental protection;

   or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

6. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.

CONDITIONS

1. **DEFINITION OF TERMS.**
   The following terms when used in this policy mean:
   (a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
   (b) "Date of Policy": the date designated as "Date of Policy" in Schedule A.
   (c) "Entity": a corporation, partnership, trust, limited liability company or other similar legal entity.
   (d) "Insured": the Insured named in Schedule A.
      (i) The term "Insured" also includes:
         (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives or next of kin;
         (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
         (C) successors to an Insured by its conversion to another kind of Entity;
         (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title;
            (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
            (2) if the grantee wholly owns the named Insured,
            (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
            (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
      (ii) With regard to (A), (B), (C) and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
   (e) "Insured Claimant": an Insured claiming loss or damage.
   (f) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
   (g) "Land": the land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
   (h) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
   (i) "Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
   (j) "Title": the estate or interest described in Schedule A.
   (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.

2. **CONTINUATION OF INSURANCE.**
   The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. **NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**
   The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) below, or (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

   When, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges thereto, issue to the Insured Claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a loan policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.

4. **PROOF OF LOSS.**
   In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. **DEFENSE AND PROSECUTION OF ACTIONS.**
   (a) Upon written request by the Insured, and subject to the options contained in Sections 3 and 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
   (b) The Company shall have the right, in addition to the options contained in Sections 3 and 7, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
   (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

6. **DUTY OF INSURED CLAIMANT TO COOPERATE.**
   (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in

securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

(c) If the Insured demands that the Company accept a settlement offer that is not greater than the Amount of Insurance or if the Insured expressly agrees that a settlement offer should be accepted, the Company has a right to be reimbursed if it has timely asserted its reservation of rights and notified the Insured that it intends to seek reimbursement if it pays to settle or defend a claim that is not covered by the policy.

7. **OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**
In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

8. **DETERMINATION AND EXTENT OF LIABILITY.**
This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of:

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. **LIMITATION OF LIABILITY.**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, all as insured, or takes action in accordance with Section 3 or 7, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. **REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.**
All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. **LIABILITY NONCUMULATIVE.**
The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. **PAYMENT OF LOSS.**
When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. **RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. **ARBITRATION.**
Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an Individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. **LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each Commitment, endorsement or other form, or provision in the Schedules that refers to the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.

16. **SEVERABILITY.**
In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, and all other provisions shall remain in full force and effect.

17. **CHOICE OF LAW; FORUM.**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured, and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. **NOTICES, WHERE SENT.**
Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

Title Resources Guaranty Company
8111 LBJ Freeway, Suite 1200
Dallas, TX 75251

Title Resources Guaranty Company

A TEXAS CORPORATION

Owner's Policy of Title Insurance

Title Resources Guaranty Company

Home Office
Dallas, Texas

FOR INFORMATION, OR TO MAKE A COMPLAINT, CALL:
1-800-526-8018

TITLE RESOURCES GUARANTY COMPANY

1. AGENT CODE	4. POLICY AMOUNT	7. EFFECTIVE DATE
2. PROPERTY TYPE	5. PREMIUM	8. SURVEY AMENDMENT
3. COUNTY	6. RATE CODE	9. ADDITIONAL CHAINS

OWNER'S POLICY:

1. 013	2. L	3. 501	4. $100,876.00	5. $1,825.20	6. 3000, 0500, 0803	7. 9/5/2012 @ 8:00 AM.	8.	9.

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF TITLE INSURANCE
POLICY NUMBER

GF NO. OR FILE NO.	DATE OF POLICY	AMOUNT OF INSURANCE	THE POLICY NUMBER SHOWN ON THIS SCHEDULE MUST AGREE WITH THE PREPRINTED NUMBER ON THE COVER
9648	September 5, 2012 @8:00 A.M.	$100,876.00	1143-026046

Schedule A

1. **Name of Insured:** The Nature Conservancy.

2. **The estate or interest in the land is insured as vested in:** fee simple.

3. **Title to the estate or interest in the land is insured as vested in:** The Nature Conservancy.

4. **The land referred to in this policy is described as follows:** The North One-half (N/2) of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas, subject to, and the Company does not insure title to, and excepts from the description of the Land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the Land, together with all rights, privileges, and immunities relating thereto.

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF
TITLE INSURANCE
POLICY NUMBER

GF NO. OR FILE NO	DATE OF POLICY	THE POLICY NUMBER SHOWN ON THIS SCHEDULE MUST AGREE WITH THE PREPRINTED NUMBER ON THE COVER	
9648	September 5, 2012 @8:00 A.M.		1143-026046

Schedule B

EXCEPTIONS FROM COVERAGE

The Policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) that arise by reason of the terms and conditions of the leases or easements, if any, shown in Schedule A, and the following matters:

1. The following restrictive covenants of record itemized below (the Company must either insert specific recording data or delete this exception): This item is hereby deleted.
2. ~~Any discrepancies, conflicts, or~~ shortages in area ~~or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.~~ /ND
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities.
   a. to tidelands, or land 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.
5. Standby fees, taxes and assessments by any taxing authority for the year 2012, and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, *Texas Tax Code*, or because of improvements not assessed for a previous tax year.
6. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

a. The sole means of legal access to and from the property is via other lands owned by the insured.

TITLE RESOURCES GUARANTY COMPANY

Minerals and Surface Damage Endorsement (T-19.3)

ISSUED BY

TITLE RESOURCES GUARANTY COMPANY

(Herein called the Company)

Attached to Policy No.: 1143-026046

Applies to Parcel(s): The North One-half (N/2) of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas

The Company insures the insured against loss which the insured shall sustain by reason of damage to permanent buildings located on the Land on or after Date of Policy resulting from the future exercise of any right existing at Date of Policy to use the surface of the Land for the extraction or development of coal, lignite, oil, gas or other minerals excepted or excluded on Schedule A, Item 2 or excepted in Schedule B. This endorsement does not insure against loss resulting from subsidence.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Myrna Boulter
An Authorized Signature
Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
Plains, Texas

Title Resources Guaranty Company

By: Paul McNeill
Executive Vice President

Michael P. Gaydos
Secretary

TITLE RESOURCES GUARANTY COMPANY

1 IMPORTANT NOTICE
1 To obtain information or make a complaint:

2 You may contact your (title) at (telephone number).

Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
(806) 456-2615

3 You may call Title Resources Guaranty Company's toll-free telephone number for information or to make a complaint at:

1-800-526-8018

4 You may also write to Title Resources Guaranty Company at:

8111 LBJ Freeway, Ste. 1200
Dallas, TX 75251

5 You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

6 You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:
Should you have a dispute concerning your premium or about a claim you should contact the (agent) or Title Resources Guaranty Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

Yoakum County Abstract Company
P O Box 457
Plains, TX 79355

ATTACH THIS NOTICE TO YOUR POLICY:
This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE
1 Para obtener informacion o para someter una queja:

2 Puede comunicarse con su (title) al (telephone number).

Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
(806) 456-2615

3 Usted puede llamar al numero de telefono gratis de Title Resources Guaranty Company's para informacion o para someter una queja al:

1-800-526-8018

4 Usted tambien puede escribir a Title Resources Guaranty Company:

8111 LBJ Freeway, Ste. 1200
Dallas, TX 75251

5 Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:
1-800-252-3439

6 Puede escribir al Departamento de Seguros de Texas:
P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:
Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el (agente) o Title Resources Guaranty Company primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento
(TDI).

Yoakum County Abstract Company
P O Box 457
Plains, TX 79355

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

TITLE
RESOURCES
GUARANTY COMPANY

OPTION FOR THE PURCHASE OF REAL ESTATE

In consideration of **$2,500** (the "Option Consideration") paid to the Title Company (defined below), the receipt and adequacy of which are hereby acknowledged, and of the agreements contained in this Option, **Jacqueline Bye Batjer, Trustee of the Robert D. Batjer, Credit Shelter Trust, and Susan Batjer Shelton** ("Seller"), hereby grants to **The Nature Conservancy**, a non-profit corporation of the District of Columbia (the "Conservancy"), and its successors and assigns, the exclusive and irrevocable right and option to purchase that certain land containing **320 acres**, more or less, located in Yoakum County, Texas, more particularly described as the **N/2 of Section 25, Block D, John H. Gibson Survey**, together with all rights, appurtenances, easements, improvements, fixtures and hereditaments thereon and pertaining thereto, including without limitation, water rights, access rights, timber rights, development rights, wastewater rights and all other rights, but expressly reserving unto Seller, its successors and assigns, forever, all of its interest in and to any oil, gas, methane and other liquid or gaseous hydrocarbons, subject however to the surface waiver described in Section 10 below (collectively, the "Property"), under the following terms and conditions:

1. **OPTION TERM AND EXERCISE**. This Option shall commence on the effective date of this Option and terminate on **August 1, 2012** ("Option Period"). Seller must receive by August 1, 2012 written notice from the Conservancy (the "Notice of Election") to exercise the Option (the "Option Exercise Date"). If the Seller does not receive the Notice of Election from the Conservancy on or before the Option Exercise Date, this Option shall automatically terminate.

2. **PURCHASE PRICE**. If the Conservancy elects to exercise the Option, the total purchase price for the Property is **$315** per acre, plus a prorated amount for any fractional acre. The total acres of the Property will be determined by a survey, and any acreage excepted to by the Title Company shall be excluded from the total acreage used for calculating the purchase price. The survey requirements are set out in Section 4 below. The Option Consideration will be applied to the purchase price. The balance of the purchase price will be paid at closing.

3. **TAX DISCLAIMER & NO GIFT**. Seller hereby represents and warrants that (i) Seller has not relied upon any representation by or on behalf of the Conservancy concerning the tax consequences of this specific transaction; and (ii) Seller has been advised by the Conservancy to seek Seller's own professional advice regarding such tax consequences.

Seller does not consider this transaction to have a "bargain sale" component. Seller will not submit an IRS Form 8283 "Noncash Charitable Contributions" to the Conservancy in connection with this transaction.

4. **SURVEY**. The Conservancy shall secure and deliver to the Seller and the Title Company (defined below) a survey of the Property by a registered or licensed land surveyor to determine the boundaries, legal description and acreage of the Property ("Survey"). The Survey shall be in a form acceptable to the Title Company to delete from a final title insurance policy the standard exception(s) routinely deleted based upon a survey of the insured Property and shall conform to survey requirements established by the State of Texas.

The Seller and the Conservancy shall each have the right to be present during the Survey. The final legal description prepared by the surveyor and accepted by the Seller, Conservancy, and the Title Company will be substituted for the property description and shall be attached to the deed. The cost of the Survey shall be the responsibility of the Conservancy.

5. **ASSIGNMENT**. This Option may only be assigned with approval from the Seller, which approval shall not be unreasonably withheld.

6. **CLOSING**. Closing will be on **August 31, 2012**, or as soon thereafter as the conditions for closing set forth in this Agreement have been met. In the event that the Conservancy does not receive the Title Commitment (defined below) and copies of exception documents within the time period specified herein, the Option Exercise Date and closing shall be extended one (1) day for each day any of said documents are past due. Closing will take place at the offices of **Yoakum County Abstract Co.**, 630 Cowboy Way, Plains, TX 79355, Tele. (806) 456-2615, is (the "Title Company") or such other place as the parties may mutually agree. Closing may be held in escrow through overnight delivery of closing documents to the Title Company or as otherwise agreed to by the parties.

7. **EVIDENCE OF TITLE**. On or before **July 9, 2012**, the Conservancy may, at its sole cost and expense, obtain a title commitment (the "Commitment") binding the Title Company to issue a title policy (the "Title Policy") at the time of closing. The cost of the Title Policy shall be the responsibility of the Conservancy.

8. **TITLE**. At closing, the Seller will convey, by Special Warranty Deed, good, insurable and marketable title to the Property together with all rights, hereditaments and appurtenances belonging to the Property (including insurable legal access, all water rights, all timber rights, and all government farm program crop bases and contract acres), to the Conservancy in fee simple, free and clear of all liens, encumbrances, restrictions, rights or exceptions except those of record that are acceptable to the Conservancy and Seller's reservation of all of its interest in and to any oil, gas, methane and other liquid or gaseous hydrocarbons subject to a surface waiver. Title shall also be sufficient for the issuance of any additional endorsements desired by the Conservancy; provided, however, that the Conservancy shall be responsible for the premium cost for such endorsements. The Seller shall not transfer or encumber any interest in the Property prior to closing.

9. **TITLE DEFECTS**. If for any reason the Seller cannot deliver title at closing as required by this Option, the Conservancy may elect to: a) accept the Property with title as it is, or b) refuse to accept the Property in which case the Option Consideration shall be refunded to the Conservancy.

10. **DOCUMENTS FOR CLOSING**. The Seller shall execute and deliver at closing aSpecial Warranty Deed, evidence of Seller's authority to sell the Property satisfactory to the Conservancy and the Title Company, a FIRPTA Affidavit (as defined in the Seller's Representations and Warranties paragraph below), an owner's affidavit and/or other documents required by the Title Company to remove the standard title policy exceptions (including without limitation, the

mechanic's and materialmen's liens exception and the "Rights of Parties in Possession" exception), and any other documents necessary to close in accordance with the terms of this Option and as may be required by the Title Company. These documents will be prepared at the expense of the Seller, except that the Conservancy agrees to prepare the deed.

The deed shall contain a surface waiver regarding the Seller's reservation of its interest in and to any oil, gas, methane and other liquid or gaseous hydrocarbons with the following language: (i) no development, exploration, extraction or production activities or operations under the authority of or by virtue of these reserved rights or interests of Grantor shall be conducted on the Property, (ii) Grantor waives and conveys to Grantee the right of ingress and egress to and from the surface of the Property involving these reserved rights or interests of Grantor, and (iii) any activities and operations involving these reserved rights or interests of Grantor that are conducted or carried out on land other than the Property shall in no manner interfere with the surface or subsurface support of any structures, improvements, or natural habitat features on the Property.

11. **PROPERTY TAXES**. Any delinquent real estate taxes, all real estate taxes due in the year of closing and all levied assessments are the Seller's responsibility and shall be satisfied of record by the Seller at or before closing.

Any real estate taxes assessed against the portion of the Property in the year of closing, but which are not yet due and payable, will be prorated to the date of closing based upon the most recent available tax statements. Ad valorem taxes for the Property for the calendar year of Closing shall be prorated to the date of Closing – if the tax assessment for the calendar year of Closing is available, the Seller shall pay the full amount of such taxes prior to Closing and the Conservancy's pro rata portion shall be paid to Seller at closing; otherwise the Conservancy shall receive a credit against the purchase price for the Seller's pro rata portion of such taxes. The Seller's pro rata portion of such taxes shall be based upon taxes actually assessed and charged for the calendar year of Closing and shall not include any taxes accrued under agricultural or other special use exceptions. If, for any reason, ad valorem taxes for the calendar year of Closing have not been assessed on such portion of the Property, such proration shall be estimated based upon ad valorem taxes for the immediately preceding calendar year and an appropriate adjustment shall be made between the parties when the taxes of the calendar year of Closing are assessed.

Seller shall be responsible for ad valorem taxes on the Property for periods prior to the calendar year of Closing; provided, however, if Seller's change in the use of the Property prior to Closing or denial of a special use valuation results in the assessment of additional taxes regarding the Property for periods prior to Closing, Seller shall be responsible for the payment of such taxes. The obligations in this paragraph shall not merge with the Deed to be delivered hereunder but shall survive the Closing.

12. **MISCELLANEOUS CLOSING EXPENSES**. Closing fees shall be paid by the Conservancy, except that (i) Seller shall be responsible for any costs related to satisfying Schedule C of the Title Policy and any like-kind exchange, and (ii) each party will be responsible for its own attorney's fees.

13. **POSSESSION**. The Seller will deliver possession of the Property to the Conservancy at closing.

14. [Intentionally deleted]

15. **PRESERVATION OF PROPERTY**. Seller agrees that the Property shall remain as it now is until closing, and that Seller will prevent and refrain from any use of the Property for any purpose or in any manner that would adversely affect the Conservancy's intended use of the Property. Specifically, but without limitation, Seller shall make no alterations to any improvements, timber resources, other vegetation, topography, wetlands or watercourses, or other natural resources.

In the event of any actions or adverse change in the condition of the Property, the Conservancy may elect to: a) refuse to accept the Property, in which case the Option Consideration shall be refunded to the Conservancy, or b) accept the Property, or a portion thereof, in which case there may be an equitable adjustment of the purchase price based on the change in circumstances.

16. **RIGHT OF ENTRY AND INSPECTION**. The Conservancy and their agents shall have the right to enter upon the Property at reasonable times for surveying, for conducting an environmental inspection and assessment to detect hazardous or toxic substances, for conducting an inspection of the buildings on the Property to determine the condition and performance of the buildings' condition, structure and systems, and for other reasonable purposes related to this transaction. Based upon the results of the environmental inspection and assessment and other inspections, the Conservancy may elect to refuse to accept the Property, in which case the Option Consideration shall be promptly refunded.

17. **SELLER'S REPRESENTATIONS AND WARRANTIES**. The Seller warrants and represents to the Conservancy the following matters and agrees to indemnify, defend and hold harmless the Conservancy from any loss or liability relating to these matters, with the intent that these representations, warranties and indemnities shall survive closing:

a. Title to the Property/Authority. The Seller is the sole legal owner of the Property in fee simple. The Property is not now subject to any written or oral lease, license, permit, option, agreement of sale, claim or legal proceeding except as set forth herein. There are no condemnation proceedings pending with regard to any portion of the Property, and Seller does not know of any proposed condemnation proceedings involving the Property. Seller has the full power and authority to execute this Option and all agreements and documents referred to in this Option and to fully perform as required by this Option.

b. Condition of Property. The Seller is not aware of any facts that would adversely affect the Conservancy's intended uses of the Property.

c. Access. To the best of Seller's knowledge, the Property has, and shall have at closing, legal and physical access to a public road, that is insurable with title insurance.

d. Hazardous Substances. To the best of Seller's knowledge:

(i) There is no and has been no condition at, on, under or related to the Property presently or potentially posing a significant hazard to human health or the environment, whether or not in compliance with law;

(ii) There is no and has been no petroleum production, use, treatment, storage, transportation, or disposal on the Property;

(iii) There is no and has been no release or threatened release of any Hazardous Substance, pollutant or contaminant into, upon, or over the Property or into or upon ground or surface water at the Property or within the immediate vicinity of the Property;

(iv) There is not now and has never been any Hazardous Substance stored on the Property in underground tanks, pits, or ponds;

(v) The Property is not subject to any "superfund" or similar lien or any claim by any government regulatory agency or third party related to the release or threatened release of any Hazardous Substance.

The term "**Hazardous Substance(s)**" means any substance that is defined as a hazardous substance, hazardous material, hazardous waste, petroleum product, pollutant or contaminant under any environmental law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et. seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et. seq., the Clean Water Act, 42 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C., Section 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300(f) et seq., and any and all regulations promulgated thereunder, or any similar federal, state or local laws, ordinances or regulations adopted under these acts.

e. Tanks/Wells. To the best knowledge and belief of Seller, there have not been and there are not now any underground or aboveground storage tanks, septic tanks or wells located on or under the Property, or if there have been or are any such tanks or wells located on the Property their location has been identified to the Conservancy in writing, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release of any Hazardous Substance into the environment.

f. Non-foreign Status. To inform the Conservancy that withholding of tax is not required under § 1445(b)(2) of the Internal Revenue Code and regulations thereunder and under penalties of perjury, the Seller hereby certifies that the Seller is not a non-resident alien or a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined for purposes of federal income tax law. At closing,

Seller agrees to deliver to the Conservancy an affidavit certifying Seller's non-foreign status, together with Seller's social security number/federal taxpayer identification number (**FIRPTA Affidavit**). The Seller consents to the delivery of such affidavit to the Conservancy, and understands that this certification may be disclosed to the Internal Revenue Service and that any false statement made could be punished by fines, imprisonment or both.

g. Broker's Claims. No brokers have been engaged by Seller for this transaction, and Seller shall be solely responsible for any claims or demands for brokers fees or commissions arising in connection with this transaction.

h. Government Farm Programs. The Property is not enrolled in the Direct and Countercyclical Payment Program, the Conservation Reserve Program, the Wetland Reserve Program or any other program of the United States Department of Agriculture except: NONE. The Property is not subject to any government cost-share contracts or other agreements that restrict either the use of the Property or the modification of any improvements.

i. Conflict of Interest. In order to assist the Conservancy in identifying potential conflicts of interest, Seller has completed, signed and delivered to the Conservancy its disclosure form (the "Disclosure Form"). Seller warrants and represents to the Conservancy that the information in the Disclosure Form is, to the best of Seller's knowledge, true and correct. Seller shall promptly notify the Conservancy in writing if any change in circumstances occurs prior to closing that would change any response on the Disclosure Form. In the event that any answer on the Disclosure Form changes prior to closing, or in the event that any material misrepresentation or mis-statement in the Disclosure Form is discovered before closing, the Conservancy may elect to declare this Option null and void, in which case the Option Consideration shall be returned to the Conservancy. We need to know what "Disclosure Form" you are referencing.

18. CERTIFICATION REGARDING MATERIAL SUPPORT AND RESOURCES TO TERRORISTS.

A. Seller hereby certifies:

(1) Seller does not and will not engage in, advocate, commit, facilitate, or support any terrorist acts.

(2) Seller will take all reasonable steps to ensure that Seller does not and will not knowingly provide, material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated, or participated in terrorist acts.

(3) Before providing any material support or resources to an individual or entity, Seller will consider all information about that individual or entity of which it is aware.

(4) Seller will implement reasonable monitoring and oversight procedures to safeguard against assistance being diverted to support terrorist activity.

B. For purposes of this Certification:

(1) "Material support and resources" means currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

(2) "Terrorist act" means: (a) an act prohibited pursuant to one of the 12 United Nations Conventions and Protocols related to terrorism (see UN terrorism conventions Internet site: http://untreaty.un.org/English/Terrorism.asp); or (b) an act of premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents; or (c) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

(3) "Entity" means a partnership, association, corporation, or other organization, group or subgroup.

C. In the event that any material misrepresentation in this Certification is discovered before closing, the Conservancy may elect to declare this Agreement null and void and immediately terminate it. Notice of termination shall be given to Seller at the address set forth under "Notices".

19. **REPRESENTATION BY LEGAL COUNSEL**. Seller acknowledges that the Conservancy has advised Seller to have Seller's attorney review this Option and all attached exhibits, and that the Conservancy is not acting on behalf of, or advising Seller in this transaction and Seller has not relied on any information or advice provided by Conservancy or its agents.

20. **REMEDIES**. If proper notice is received by the Seller hereunder and the Conservancy otherwise fully performs hereunder, the Conservancy shall be entitled to a full refund of the Option Consideration or enforce specific performance in the event of default by Seller. Conservancy shall elect one (1) of the available remedies provided herein to the exclusion of the other.

21. **EXHIBITS.** The following exhibits are attached to and incorporated into this Option by this reference: Exhibit A – Legal Description.

22. **NOTICES.** Except as otherwise expressly set forth in this Agreement, all notices required to be given under this Option shall be deemed given upon the earlier of actual receipt or two days after being mailed by U.S. mail, or on the date of successful facsimile transmission (if received prior to 5:30 p.m. Central Time), addressed to:

Seller:

Susan Batjer Shelton
725 Rivercrest Drive
Abilene, TX 79605
Tele.: (325) 672-1032

Jacqueline Bye Batjer, Trustee, Robert D. Batjer, Jr. Credit Shelter Trust
1942 South 7th Street
Abilene, TX 79602
Tele.: (325) 677-0089

Conservancy:

The Nature Conservancy
Attn: Legal Department
200 E. Grayson St., Suite 202
San Antonio, Texas 78215
Telephone Number: (210) 224-8774
Fax Number: (210) 228-9805

With a Copy to:

The Nature Conservancy
Attn: Jeff Francell
318 Congress Avenue
Austin, TX 78701
Telephone Number: (512) 623-7250

or to such other addresses as the parties may designate in writing.

23. **NO WAIVER.** No provision of the Option shall be deemed amended or waived unless such amendment or waiver is set forth in a writing signed by the Conservancy. No act or failure to act by the Conservancy shall be deemed a waiver of its rights hereunder, and no waiver in any one circumstance or of any one provision shall be deemed a waiver in other circumstances or of other provisions.

24. **HOLIDAYS**. If any date set forth in this Option or computed pursuant to this Option falls on a Saturday, Sunday or national holiday, such date shall be deemed automatically amended to be the first business day following such weekend day or holiday.

25. **ATTORNEYS' FEES**. In the event of any breach or default hereof by a party, the non-defaulting party shall be entitled to recover its costs and expenses of litigation and settlement, including, without limitation, attorneys' fees and expenses, court costs, settlement costs and experts' costs, and fees.

26. **EFFECTIVE DATE**. This Option becomes effective on the date of the last signature of Seller and the Conservancy.

27. **COMPLETE AGREEMENT; COUNTERPARTS**. This Option constitutes the sole and complete agreement between the parties and cannot be changed except by written amendment. No representation or promise not included in this Option or any written amendment shall be binding upon the parties. This Option may be executed in multiple counterparts, each of which taken together shall constitute a single instrument.

[Signature Page(s) to Follow]

Executed on the dates set forth below, to be effective as of the date of the last signature of Seller and the Conservancy.

SELLER:

Jacqueline Bye Batjer

JACQUELINE BYE BATJER, TRUSTEE

Date: 7/2/2012

Susan Batjer Shelton

SUSAN BATJER SHELTON

Date: 7/2/2012

STATE OF TEXAS §
COUNTY OF Taylor §

This instrument was acknowledged before me on the 2 day of July, 2012, by JACQUELINE BYE BATJER, TRUSTEE.

MARY BETH SIMS
Notary Public, State of Texas
My Commission Expires
June 20, 2016

Mary Beth Sims

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF Taylor §

This instrument was acknowledged before me on the 2 day of July, 2012, by SUSAN BATJER SHELTON.

MARY BETH SIMS
Notary Public, State of Texas
My Commission Expires
June 20, 2016

Mary Beth Sims

Notary Public, State of Texas

THE NATURE CONSERVANCY

By: _____
Name: Laura Huffman
Title: Texas State Director

Date: 07/10/12

STATE OF TEXAS §
§
COUNTY OF Travis §

This instrument was acknowledged before me on the ____ day of July, 2012, by Laura Huffman as TX State Director of THE NATURE CONSERVANCY, in such capacity on behalf of said corporation.

ROSANNA SUTHERLAND
Notary Public, State of Texas
My Commission Expires
September 07, 2014

_____
Notary Public, State of Texas

TITLE COMPANY RECEIPT

YOAKUM COUNTY ABSTRACT COMPANY acknowledges receipt of this Option executed by Seller and the Conservancy and the Option Consideration of $2,500.00, this _____ day of _____, 2012, and agrees to hold same in accordance with the terms hereof.

BY: _____

NAME: _____
Escrow Officer

DATE: _____

A. Settlement Statement (HUD-1)

B. Type of Loan

1. [ ] FHA 2. [ ] RHS 3. [ ] Conv. Unins
4. [ ] VA 5. [ ] Conv. Ins 6. [X] Other

6. File Number: 9615

7. Loan Number:

8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower:
The Nature Conservancy
Attn: Legal Department
P.O. Box 1440
San Antonio, TX 78295

E. Name & Address of Seller:
Moore-Shaheen Land, LLP
PO Box 1594
Levelland, TX 79336
Buddy Moore
Sheri Moore
102 Duval
Levelland, TX 79336
(* And other sellers: Addendum attached)

F. Name & Address of Lender:

G. Property Location:
Parts of Sec. 1, 2, 3, Block G, Part of Sec. 5, Block P, Public School Land, Sec. 26, Part of Sec 25 & 27, Blk D, JHG Survey, Cochran & Yoakum Co., TX

H. Settlement Agent:
Yoakum County Abstract Company.

Place of Settlement
530 Cowboy Way P.O. Box 457
Plains, TX 79355

I. Settlement Date: 08/29/2012

Settlement Agent ID
75-1963460
Phone No.: (806) 456-2815

J. Summary of Borrower's Transaction

100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sale Price	883,788.00
102. Personal property	
103. Settlement charges to borrow (line 1400)	11,486.21
104. Right of First Refusal Fee to Seller	7,500.00
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. DCISD taxes to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER:	902,774.21
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	1,500.00
202. Principal amount of new loan from	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes	
211. Cochran Co taxes 01/01/12 to 08/29/12	914.74
212. Yoakum Co taxes 01/01/12 to 08/29/12	256.97
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID/BY FOR BORROWER:	2,671.71
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross amount due from borrower (line 120)	902,774.21
302. Less amounts paid by/for borrower (line 220)	(2,671.71)
303. Cash [X] From [ ] To Borrower/Buyer	**900,102.50**

K. Summary of Seller's Transaction

400. GROSS AMOUNT DUE SELLER:	
401. Contract sales price	883,788.00
402. Personal property	
403. Right of First Refusal from Buyer	7,500.00
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes to	
407. County taxes to	
408. DCISD taxes to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER:	**891,288.00**
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (see instructions)	
502. Settlement charges to seller (line 1400)	6,018.00
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan to Capital Farm	663,587.42
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes	
511. Cochran Co taxes 01/01/12 to 08/29/12	914.74
512. Yoakum Co taxes 01/01/12 to 08/29/12	256.97
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	**670,777.13**
600. CASH AT SETTLEMENT TO/FROM SELLER	
601. Gross amount due to seller (line 420)	891,288.00
602. Less total reducts in amt due seller (line 520)	(670,777.13)
603. Cash To [X] [ ] From Seller	**220,510.87**

L. Settlement Charges

	Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. TOTAL SALES/BROKER'S COMMISSION		
Division of commission (line 700) as follows:		
701.		
702.		
703. Commission paid at settlement to		
704.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination fee		
802. Loan Discount		
803. Appraisal Fee to		
804. Credit Report to		
805. Lender's inspection fee		
806. Mortgage insurance application fee		
807. Assumption Fee		
808.		
809.		
810.		
811.		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest		
902. Mortgage insurance premium		
903. Hazard insurance premium to		
904.		
905.		
1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard insurance mo. @ per mo		
1002. Mortgage insurance mo. @ per mo		
1003. City property taxes mo. @ per mo		
1004. County property taxes mo. @ per mo		
1005. DCISD property taxes mo. @ per mo		
1006.		
1007.		
1008. Aggregate Accounting Adjustment		
1100. TITLE CHARGES		
1101. Settlement or Closing Fee		
1102. Abstract or title search		
1103. Title examination to Western Abstract $2,575.75		
1104. Title insurance binder		
1105. Document preparation to Bradford L. Moore		
1106. Notary fees		
1107. Attorney's fees to		
1108. Title insurance-Title Resources Guaranty Company	872.90	5,486.00
1109. Lender's coverage		
1110. Owner's coverage $883,768.00		
1111. State of Texas Policy Guarantee Fee		2.00
1112. Internet Delivery, Overnight fees-Yoakum Co. Abs		
1113. Escrow Fee-Yoakum County Abstract Company	250.00	250.00
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees Deed $69 1st Rel $53 Rel $37	69.00	90.00
1202. City/county tax/stamps		
1203. State tax/stamps		
1204. Tax Certificates-Taxing Authorities-Yoakum		130.00
1205. Tax Certificates-Taxing Authorities-Cochran		60.00
1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to Where on Earth	8,053.80	
1302. Survey to Where on Earth	2,040.51	
1303.		
1304. Inspection fee to Western Abstract Co.	200.00	
1305.		
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)	**11,486.21**	**6,018.00**

Seller understands the Closing or Es Agent has assembled this information representing the tran n from the best information available from other sources and cannot guarantee the accuracy thereof. Any real estate agent or lender involved may be furnished a copy of this Statement.

Seller understands that tax and insurance prorations and reserves were based on figures for the preceding year or supplied by others, or estimates for current year, and in the event of any change for current year, all necessary adjustments must be made between Purchaser and Seller directly.

The undersigned hereby authorizes Yoakum County Abstract Company to make expenditures and disbursements as shown above and approves same for payment. The undersigned also acknowledges receipt of Loan Funds, if applicable, in the amount shown above and receipt of a copy of this Statement.

*Note: Interest on existing liens is figured to the date indicated. If not paid by then, additional interest will have to be collected and your statement will be adjusted to have sufficient funds to secure release from the lienholder.

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Moore-Shaheen Land, LLP

Buddy Moore

Sheri Moore

F.E. Shaheen, III

Jackie Shaheen

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent

August 29th, 2012
Date

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

YOAKUM COUNTY
2012-3402

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

STATE OF TEXAS §
§
COUNTIES OF YOAKUM & COCHRAN §

WARRANTY DEED

Date: August 29, 2012

Grantor: MOORE-SHAHEEN LAND, LLP, a Texas limited liability partnership
Mailing address: P.O. Box 1594, Levelland, Texas 79336

F. E. SHAHEEN, III and his wife, JACKIE SHAHEEN
Mailing address: P.O. Box 1594, Levelland, Texas 79336

BUDDY MOORE and his wife, SHERI MOORE
Mailing address: P.O. Box. 1594, Levelland, Texas 79336

Grantee: THE NATURE CONSERVANCY, a District of Columbia non-profit corporation
Mailing address: 4245 N. Fairfax Dr., Suite 100, Arlington, Virginia 22203
With local address of: 318 Congress Ave., Austin, Texas 78701 [Travis County]

Consideration: TEN AND NO/100THS DOLLARS ($10.00) and other good and valuable consideration.

Property: A 3,364.83 acre tract of land located in Sections 25, 26, and 27, Block D, John H. Gibson Survey, Sections 1, 2, and 3, Block G, Public School Land, and Section 8, Block P, Public School Land, located in Yoakum and Cochran Counties, Texas, as more particularly described in Exhibit A attached hereto and made a part hereof, SAVE & EXCEPT therefrom the North half (N/2) of Section 25, Block D, John H. Gibson Survey, which the Grantor's don't own, the Southeast Quarter (SE/4) of Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas, which remains owned by Moore-Shaheen Land, LLP, AND an undivided one-half (1/2) interest held by third parties in the Southwest Quarter (SW/4) of Section 25, Block D, John H. Gibson Survey, in Yoakum County, Texas. This conveyance includes all rights, hereditaments, and appurtenances belonging to the Property, including, without limitation, all of Grantor's right, title, and interest, if any, in and to (i) any easements, rights of way, or rights of ingress and egress benefiting the Property, (ii) any "excess land", "vacancies", strips and gores between the Property and abutting properties, and land lying in or under any public road, highway or the bed of any creek, stream or river running through or abutting or adjacent to the Property, whether owned or claimed by deed, limitations, or otherwise, (iii) any riparian, water, wind, development or wastewater rights appurtenant to the Property, and (iv) any and all claims, demands and causes of action of whatever kind or nature against any person, accruing from or during Grantor's ownership of the Property or which Grantor may otherwise own, for or relating to pollution, damage or other injury to the surface and/or subsurface of the Property, whether arising by breach of contract, tort, strict liability, statute, regulation or otherwise.

Reservations from Conveyance: Grantor reserves all of Grantor's interest in and to all oil, gas, methane, and other liquid or gaseous hydrocarbons in and under and that is produced or producible from the Property, subject however to a surface waiver with the following restrictions: (i) no development, exploration, extraction or production activities or operations under the authority of or by virtue of these reserved rights of Grantor shall be conducted on the Property, (ii) Grantor waives and conveys to Grantee the right of ingress and egress to and from the surface of the Property involving these reserved rights of Grantor, and (iii) any activities and operations involving these reserved rights of Grantor that are conducted or carried out on land owned by Grantor other than the Property shall in no manner interfere with the surface or subsurface support of any structures, improvements, or natural habitat features on the Property.

In addition, Moore-Shaheen Land, LLP, a Grantor herein ("MSL"), reserves a non-exclusive easement upon and across existing roads on the Property that are located within Section 8, Block P, Public School Land, Yoakum and Cochran Counties, Texas, and Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas, for the purpose of providing ingress and egress from MSL's land in Section 8, Block P, Public School Land, Yoakum and Cochran Counties, Texas, that is located outside of the Property description ("MSL Adjacent Property") to the Southeast Quarter (SE/4) of Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas, that is owned by MSL ("MSL Inholding Tract"). This ingress-egress easement is appurtenant to and runs with the MSL Inholding Tract and exists in favor of MSL, its successors, and assigns. This easement shall be perpetual except that it shall terminate without further act upon merger of ownership in the Property and the MSL Inholding Tract or in the event the MSL Inholding Tract obtains legal access to a public road. Grantee and MSL each have the right, but not the obligation, to maintain or repair the roads covered under this ingress-egress easement at its respective expense. MSL agrees to release Grantee and indemnify, defend, and hold Grantee and its successors in interest harmless from any loss, damages, suits or claims arising from its use of this ingress-egress easement.

Exceptions to Conveyance and Warranty (to the extent same are valid and existing and affect the Property): Those certain exceptions more particularly described on Exhibit B attached hereto and made a part hereof.

Taxes for the current year have been prorated to the date hereof and are assumed by the Grantee; provided, however, that if Grantor's change in the use of the Property prior to this Deed or denial of a special use valuation results in the assessment of additional taxes regarding the Property for periods prior to this Deed, then Grantor shall be responsible for the payment of such taxes.

Grantor, for the consideration and subject to the Reservations from Conveyance and Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's successors and assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, successors, and assigns to warrant and forever defend all and singular the Property to Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from Conveyance and Exceptions to Conveyance and Warranty.

Grantee acknowledges that payment for the Property is made available by a Non-Traditional Section 6 Endangered Species Recovery Land Acquisition Grant funded by the United States Secretary of the

Interior, thereby creating a Federal interest in the Property. The Grantee shall not dispose of or encumber its title or other interest in the Property without permission and instructions from the United States except as expressly permitted by the grant. In the event the Grantee fails to fully comply with the terms and conditions set forth through the acceptance of the Non-Traditional Section 6 Endangered Species Recovery Land Acquisition Grant, Grant # E-144-RL, after having been given written notice of such alleged failure and a reasonable opportunity to cure the same, the property interest acquired with the grant funds or the grant funds themselves shall be subject to transfer, replacement, or repayment proportionally to the United States in accordance with instructions from the United States and applicable law. No right of access by the general public is granted to any portion of the Property subject to these restrictions merely by virtue of the fact that all or a portion of the Property was acquired using federal grant funds or used as a match there under; provided, however, if the owner of the Property permits access to the general public to the Property subject to these restrictions, then such access shall be open to all persons who are otherwise eligible regardless of race, color, national origin, sex, age or disability.

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

This Deed may be may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

[Signature Page(s) to Follow]

Executed as of the date set forth above.

GRANTOR:

MOORE-SHAHEEN LAND, LLP

By: _____
Name: Buddy Moore
Title: Its Partner

By: _____
Name: F.E. Shaheen, III
Title: Its Partner

_____
BUDDY MOORE, Individually

_____
SHERI MOORE, Individually

_____
F.E. SHAHEEN, III, Individually

_____
JACKIE SHAHEEN, Individually

STATE OF TEXAS §
COUNTY OF Hockley §

This instrument was acknowledged before me on the 29th day of August, 2012, by Buddy Moore, as Partner of MOORE-SHAHEEN LAND, LLP, on behalf of said limited liability partnership.

Staci Albert (SEAL)
NOTARY PUBLIC

My commission expires:
2/21/15

STACI ALBERT
Notary Public, State of Texas
My Commission Expires
February 21, 2015

STATE OF TEXAS
COUNTY OF Hockley

This Instrument was acknowledged before me on the 29th day of August, 2012, by F.E. Shaheen, III, as Partner of MOORE-SHAHEEN LAND, LLP, on behalf of said limited liability partnership.

Staci Albert (SEAL)
NOTARY PUBLIC

My commission expires:
2/21/15

STACI ALBERT
Notary Public, State of Texas
My Commission Expires
February 21, 2015

STATE OF TEXAS §
COUNTY OF Hockley

This instrument was acknowledged before me on the 29th day of August, 2012, by F.E. SHAHEEN, III.

Staci Albert (SEAL)
NOTARY PUBLIC

My commission expires:
2/21/15

STACI ALBERT
Notary Public, State of Texas
My Commission Expires
February 21, 2015

STATE OF TEXAS §
COUNTY OF Hockley

This instrument was acknowledged before me on the 29th day of August, 2012, by JACKIE SHAHEEN.

Staci Albert (SEAL)
NOTARY PUBLIC

My commission expires:
2/21/15

STACI ALBERT
Notary Public, State of Texas
My Commission Expires
February 21, 2015

STATE OF TEXAS §
COUNTY OF Hockley §

This instrument was acknowledged before me on the 29th day of August, 2012, by BUDDY MOORE.

Staci Albert (SEAL)
NOTARY PUBLIC

My commission expires:
2/21/15

STACI ALBERT
Notary Public, State of Texas
My Commission Expires
February 21, 2015

STATE OF TEXAS §
COUNTY OF Hockley §

This instrument was acknowledged before me on the 29th day of August, 2012, by SHERI MOORE.

Staci Albert (SEAL)
NOTARY PUBLIC

My commission expires:
2/21/15

STACI ALBERT
Notary Public, State of Texas
My Commission Expires
February 21, 2015

AFTER RECORDING RETURN TO:
The Nature Conservancy
Attn: Legal
P.O. Box 1440
San Antonio, Texas 78295-1440

EXHIBIT A

Description of 3,364.83 Acre Tract

WHERE ON EARTH
Professional Land Surveying

LEGAL DESCRIPTION

A 3364.83 acre tract of land located in Sections 25, 26, and 27, Block D, John H. Gibson Survey, Sections 1, 2, and 3, Block G, Public School Land, and in Section 8, Block P, Public School Land, Cochran and Yoakum Counties, Texas, and being more particularly described as follows:

BEGINNING at a 1" iron pipe with aluminum cap found at the patented Southeast corner of said Section 25, for the Southeast corner of this tract;

THENCE N.87°43'45"W. 2646.4 feet to a ½" iron rod found in the bottom of an old 2" iron pipe at the patented Southeast corner of the SW/4 of said Section 25, for a corner of this tract; (Bearings are compared to the Texas Coordinate System of 1983, North Central Zone. Distances and area are surface.)

THENCE N.87°25'30"W. 2627.2 feet to the patented Southwest corner of said Section 25 and the Southeast corner of said Section 26, for a corner of this tract;

THENCE N.87°36'10"W. 5282.3 feet to the Southwest corner of said Section 26 and the Southeast corner of said Section 27, for a corner of this tract;

THENCE N.87°36'05"W. 2626.3 feet to a 1 ½" iron pipe found at the Southwest corner of the SE/4 and the Southeast corner of the SW/4 of said Section 27, for a corner of this tract;

THENCE N.87°34'10"W. 2640.2 feet to a 1 ½" iron pipe with bronze cap found at the Southwest corner of said Section 27, for the most Southerly-Southwest corner of this tract;

THENCE N.2°07'45"E. 2643.0 feet to a 1 ½" iron pipe found at the Northwest corner of said SW/4 and the Southwest corner of the NW/4 of said Section 27, for a corner of this tract;

THENCE N.2°08'35"E. 2641.9 feet to a 2" iron pipe with bronze cap found at the Northwest corner of said Section 27, for a corner of this tract;

THENCE N.87°46'00"W. 562.2 feet to a 2" iron pipe with bronze cap found at the Southwest corner of said Section 8, for the most Westerly-Southwest corner of this tract;

THENCE N.3°24'30"E., along the West line of said Section 8, at 330.7 feet pass the North line of Yoakum County and the South line of Cochran County, in all 4625.4 feet to a ½" iron rod with cap marked "RPLS 4983" set in an East-West fence for the Northwest corner of this tract;

THENCE S.87°15'45"E., along the general course of said fence, at 5038.7 feet pass the East line of said Section 8 and the West line of said Section 1, at 8333.5 feet pass the East line of said Section 1 and the West line of said Section 2, at 11650.8 feet pass the East line of said Section 2 and the West line of said Section 3, in all 14,013.3 feet to a ½" iron rod with cap marked "RPLS 4983" set at a fence corner for the most Northerly-Northeast corner of this tract;

THENCE S.14°52'50"W., along the general course of a fence, 1641.0 feet more or less to a fence corner, for a corner of this tract;

THENCE S.4°42'20"W., along the general course of a fence, at 2595.9 feet more or less pass the South line of Cochran County and the North line of Yoakum County, in all 2951.1 feet more or less to a ½" iron rod with cap marked "RPLS 4983" set in the South line of said Section 3 and the North line of said Section 25, for a corner of this tract;

THENCE S.87°36'40" E., along the North line of said Section 25, at 1352.0 feet pass the Southeast corner of said Section 3, in all 2780.9 feet to a ½" iron rod with cap marked "RPLS 4983" set in place of a previously found 2" galvanized iron pipe at a fence corner and at the Northeast corner of said Section 25, for the most Easterly-Northeast corner of this tract;

THENCE S.2°19'30"W., along the East line of said Section 25, a distance of 5278.2 feet to the **PLACE OF BEGINNING.**

Surveyed on the ground May 7 and 8 and July 12, 2012. See Survey Plat

This the 16th day of August, 2012
Revised this the 23rd day of August, 2012

Michael J. Newton, Registered Professional Land Surveyor No. 4983

P.O. Box 602, 199 SE 1251, Andrews, Texas 79714
Tel: 432-524-5198

N

EXHIBIT B

Exceptions

1. All previous reservations of oil, gas, and other minerals of record, together with all rights, privileges, and immunities related thereto including the rights of third parties of ingress and egress in and to the Land.

2. Right of way dated June 4, 1947, from P. M. Williams to Stanolind Pipe Line Co., recorded in Vol. 41, Pg. 24, Deed Records, Cochran County, Texas regarding Sections 1, 2, and 3, Block G, Public School Land, Cochran and Yoakum Counties, Texas.

3. Rules and regulations promulgated by The High Plains Underground Water Conservation District No. 1.

4. Right of way dated April 9, 1953, from P. M. Williams to West Texas Gas, recorded in Vol. 59, Pg. 120, Deed Records, Cochran County, Texas regarding Sections 1, 2, and 3, Block G, Public School Land, Cochran and Yoakum Counties, Texas.

5. Right of way and Easement dated April 17, 2009, from Moore-Shaheen Land, LLP to Roadrunner Pipeline L.L.C., recorded in Vol. 291, Pg. 68, Official Real Property Records, Cochran County, Texas, and recorded under Clerk's File No. 2009-1371, Official Public Records, Yoakum County, Texas regarding Sections 1, 2, and 3, Block G, Public School Land and Section 8, Block P, Public School Land, Cochran and Yoakum Counties, Texas, and Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas.

6. Lack of a right of access to and from the Property.

THE STATE OF TEXAS }{
COUNTY OF YOAKUM }{ #2012-3402

I, DEBORAH L. RUSHING, County Clerk, do hereby Certify that this instrument was filed and imaged for official public records on 8-30-2012 at 3:15 P.M in this office.

PAID: $47.00
WITNESS MY HAND AND SEAL

By [illegible]

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
On: Sep 04,2012 at 04:03P

Receipt# 11637
Document Number: 14883
Amount: 48.00

By Connie Jo Reiser, Deputy

STATE OF TEXAS COUNTY OF COCHRAN
I hereby certify that this instrument was FILED on this date and time stamped hereon by me and was duly RECORDED in the OFFICIAL PUBLIC RECORDS OF COCHRAN COUNTY, TEXAS in the volume and page as shown.

Phyllis Tyson, County Clerk
Cochran County, Texas

By [illegible] Deputy

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

1143- 026045

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF TITLE INSURANCE

Issued by

Title Resources Guaranty Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, TITLE RESOURCES GUARANTY COMPANY, a Texas corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
   (a) A defect in the Title caused by:
      (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
      (ii) failure of any person or Entity to have authorized a transfer or conveyance;
      (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
      (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
      (v) a document executed under a falsified, expired or otherwise invalid power of attorney;
      (vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
      (vii) a defective judicial or administrative proceeding.
   (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
   (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
   (d) Any statutory or constitutional mechanic's, contractor's, or materialman's lien for labor or materials having its inception on or before Date of Policy.
3. Lack of good and indefeasible Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
   (a) the occupancy, use or enjoyment of the Land;
   (b) the character, dimensions or location of any improvement erected on the Land;
   (c) subdivision of land; or
   (d) environmental protection

   if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective:
   (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or
   (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
      (i) to be timely, or
      (ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

This Home Office Issue/Directly Issued Policy Was Countersigned in Dallas, TX
By:
Title Resources Guaranty Company

TITLE RESOURCES GUARANTY COMPANY TEXAS

Title Resources Guaranty Company

By: Paul McNulty
Executive Vice President

Michael P. Gaydon
Secretary

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions or location of any improvement erected on the Land;
   (iii) subdivision of land; or
   (iv) environmental protection;

   or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

6. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.

CONDITIONS

1. **DEFINITION OF TERMS.**
   The following terms when used in this policy mean:
   (a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
   (b) "Date of Policy": the date designated as "Date of Policy" in Schedule A.
   (c) "Entity": a corporation, partnership, trust, limited liability company or other similar legal entity.
   (d) "Insured": the Insured named in Schedule A.
   (i) The term "Insured" also includes:
   (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives or next of kin;
   (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
   (C) successors to an Insured by its conversion to another kind of Entity;
   (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title:
   (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
   (2) if the grantee wholly owns the named Insured,
   (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
   (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
   (ii) With regard to (A), (B), (C) and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
   (e) "Insured Claimant": an Insured claiming loss or damage.
   (f) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
   (g) "Land": the land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
   (h) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
   (i) "Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
   (j) "Title": the estate or interest described in Schedule A.
   (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.

2. **CONTINUATION OF INSURANCE.**
   The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. **NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**
   The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) below, or (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

   When, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges therefor, issue to the Insured Claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a loan policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.

4. **PROOF OF LOSS.**
   In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. **DEFENSE AND PROSECUTION OF ACTIONS**
   (a) Upon written request by the Insured, and subject to the options contained in Sections 3 and 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
   (b) The Company shall have the right, in addition to the options contained in Sections 3 and 7, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
   (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

6. **DUTY OF INSURED CLAIMANT TO COOPERATE.**
   (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in

securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

(c) If the Insured demands that the Company accept a settlement offer that is not greater than the Amount of Insurance or if the Insured expressly agrees that a settlement offer should be accepted, the Company has a right to be reimbursed if it has timely asserted its reservation of rights and notified the Insured that it intends to seek reimbursement if it pays to settle or defend a claim that is not covered by the policy.

7. **OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**
In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

8. **DETERMINATION AND EXTENT OF LIABILITY.**
This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of:

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. **LIMITATION OF LIABILITY.**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, all as insured, or takes action in accordance with Section 3 or 7, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. **REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.**
All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. **LIABILITY NONCUMULATIVE.**
The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. **PAYMENT OF LOSS.**
When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. **RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. **ARBITRATION.**
Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. **LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each Commitment, endorsement or other form, or provision in the Schedules that refers to the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.

16. **SEVERABILITY.**
In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, and all other provisions shall remain in full force and effect.

17. **CHOICE OF LAW; FORUM.**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured, and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. **NOTICES, WHERE SENT.**
Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

Title Resources Guaranty Company
8111 LBJ Freeway, Suite 1200
Dallas, TX 75251

Title Resources Guaranty Company

A TEXAS CORPORATION

Owner's Policy of Title Insurance

Title Resources Guaranty Company

Home Office
Dallas, Texas

FOR INFORMATION, OR
TO MAKE A COMPLAINT, CALL:
1-800-526-8018

TITLE
RESOURCES
GUARANTY COMPANY

1. AGENT CODE
2. PROPERTY TYPE
3. COUNTY
4. POLICY AMOUNT
5. PREMIUM
6. RATE CODE
7. EFFECTIVE DATE
8. SURVEY AMENDMENT
9. ADDITIONAL CHAINS

OWNER'S POLICY:

1. 013	2. 1	3. 501	4. $883,788.00	5. $5,535.00	6. 1000, 0500, 0803, 0410x2	7. 8/30/2012 @ 3:15 P.M. Yoakum Co. 9/4/2012 @ 4:03 P.M. Cochran Co.	8. $754.20	9.

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF
TITLE INSURANCE
POLICY NUMBER

GF NO. OR FILE NO.	DATE OF POLICY	AMOUNT OF INSURANCE	THE POLICY NUMBER SHOWN ON THIS SCHEDULE MUST AGREE WITH THE PREPRINTED NUMBER ON THE COVER
9615	August 30, 2012 @ 3:15 P.M. Yoakum County September 4, 2012 @ 4:03 P.M. Cochran County	$883,788.00	1143-026045

Schedule A

1. **Name of Insured:** The Nature Conservancy.

2. **The estate or interest in the land is insured as vested in:** fee simple.

3. **Title to the estate or interest in the land is insured as vested in:** The Nature Conservancy.

4. **The land referred to in this policy is described as follows:** As described on the attached Exhibit A.

EXHIBIT A

A 3364.83 acre, more or less, tract of land located in Sections 25, 26, and 27, Block D, John H. Gibson Survey, Sections 1, 2, and 3, Block G, Public School Land Survey, and in Section 8, Block P, Public School Land Survey, Cochran and Yoakum Counties, Texas, and being more particularly described as follows:

BEGINNING at a 1" iron pipe with aluminum cap found at the patented Southeast corner of said Section 25, for the Southeast corner of this tract;

THENCE N.87°43'45"W. 2646.4 feet to a ½" iron rod found in the bottom of an old 2" iron pipe at the patented Southeast corner of the SW/4 of said Section 25, for a corner of this tract; (Bearings are compared to the Texas coordinate System of 1983, North Central Zone. Distances and area are surface.)

THENCE N. 87°25'30"W. 2627.2 feet to the patented Southwest corner of said Section 25 and the Southeast corner of said Section 26, for a corner of this tract;

THENCE N.87°36'10"W. 5282.3 feet to the Southwest corner of said Section 26 and the Southeast corner of said Section 27, for a corner of this tract;

THENCE N.87°36'05"W. 2626.3 feet to a 1 ½" iron pipe found at the Southwest corner of the SE/4 and the Southeast corner of the SW/4 of said Section 27, for a corner of this tract;

THENCE N.87°34'10"W. 2640.2 feet to a 1 ½" iron pipe with bronze cap found at the Southwest corner of said Section 27, for the most Southerly-Southwest corner of this tract;

THENCE N.2°07'45"E. 2643.0 feet to a 1 ½" iron pipe found at the Northwest corner of said SW/4 and the Southwest corner of the NW/4 of said Section 27, for a corner of this tract;

THENCE N.2°08'35"E. 2641.9 feet to a 2" iron pipe with bronze cap found at the Northwest corner of said Section 27, for a corner of this tract;

THENCE N.87°46'00"W. 562.2 feet to a 2" iron pipe with bronze cap found at the Southwest corner of said Section 8, for the most Westerly-Southwest corner of this tract;

THENCE N.3°24'30"E., along the West line of said Section 8, at 330.7 feet pass the North line of Yoakum County and the South line of Cochran County, in all 4625.4 feet to a ½" iron rod with cap marked "RPLS 4983" set in and East-West fence for the Northwest corner of this tract;

THENCE S.87°15'45"E., along the general course of said fence, at 5038.7 feet pass the East line of said Section 8 and the West line of said Section 1, at 8333.5 feet pass the East line of said Section 1 and the West line of said Section 2, at 11650.8 feet pass the East line of said Section 2 and the West line of said Section 3, in all 14,013.3 feet to a ½" iron rod with cap marked "RPLS 4983" set at a fence corner for the most Northerly-Northeast corner of this tract;

THENCE S.14°52'50"W., along the general course of a fence, 1641.0 feet more or less to a fence corner, for a corner of this tract;

THENCE S.4°42'20"W., along the general course of a fence, at 2595.9 feet more or less pass the South line of Cochran County and the North line of Yoakum County, in all 2951.1 feet more or less to a ½" iron rod with cap marked "RPLS 4983" set in the South line of said Section 3 and the North line of said Section 25, for a corner of this tract;

THENCE S.87°36'40"E., along the North line of said Section 25, at 1352.0 feet pass the Southeast corner of said Section 3, in all 2780.9 feet to a ½" iron rod with cap marked "RPLS 4983" set in place of a previously found 2" galvanized iron pipe at a fence corner and at the Northeast corner of said Section 25, for the most Easterly-Northeast corner of this tract;

THENCE S.2°19'30"W., along the East line of said Section 25, a distance of 5278.2 feet to the PLACE OF BEGINNING,

LESS AND EXCEPT the following described property:

a.) The undivided ½ interest of the heirs of C. L. West in and to the SW/4 of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas, and

b.) The North one-half (N/2) of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas,

c.) The Southeast Quarter (SE/4) of Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas.

subject to, and the Company does not insure title to, and excepts from the description of the Land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the Land, together with all rights, privileges, and immunities relating thereto.

TITLE
RESOURCES
GUARANTY COMPANY

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF
TITLE INSURANCE
POLICY NUMBER

GF NO. OR FILE NO	DATE OF POLICY	THE POLICY NUMBER SHOWN ON THIS SCHEDULE MUST AGREE WITH THE PREPRINTED NUMBER ON THE COVER	
9615	August 30, 2012 @ 3:15 P.M. Yoakum County September 4, 2012 @ 4:03 P.M. Cochran County		1143-026045

Schedule B

EXCEPTIONS FROM COVERAGE

The Policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) that arise by reason of the terms and conditions of the leases or easements, if any, shown in Schedule A, and the following matters:

1. **The following restrictive covenants of record itemized below (the Company must either insert specific recording data or delete this exception): Schedule B, Item #1 is deleted.**
2. **Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.**
3. **Homestead or community property or survivorship rights, if any, of any spouse of any insured.**
4. **Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities.**
   a. **to tidelands, or land 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.**
5. **Standby fees, taxes and assessments by any taxing authority for the year 2012, and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, *Texas Tax Code*, or because of improvements not assessed for a previous tax year.**
6. **The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):**

a. Right-of-way dated June 4, 1947, from P. M. Williams to Stanolind Pipe Line Co., recorded in Vol. 41, pg. 24, Deed Records, Cochran County, Texas, for a pipeline across Sections 1, 2, and 3, Blk G and Section 8, Blk P.

Continued on page B-2...

Title Resources Guaranty Company

Policy No. 1143-026045

G.F. No. 9615

Continued from Schedule B. Item #6:

6. Continued...

c. Rules and regulations promulgated by The High Plains Underground Water Conservation District No. 1.

d. Right-of-way dated April 9, 1953, from P. M. Williams to West Texas Gas, recorded in Vol. 59, pg. 120, Deed Records, Cochran County, Texas, for a pipe line across Sections 1, 2, and 3, Blk G.

e. Right-of-way & Easement for pipe line dated April 17, 2009, from Moore-Shaheen Land, LLP to Roadrunner Pipeline L.L.C., recorded in Volume 291, pg. 68, Official Real Property Records, Cochran County, Texas, and recorded under Clerks's File No. 2009-1371, Official Public Records, Yoakum County, Texas, crossing Sections 1, 2, 3, Block G, Section 8, Block P, Public School Land Survey, Yoakum & Cochran Counties, Texas, and Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas.

f. The sole means of legal access to and from the property is via other lands owned by the insured.

g. Liens or financing statements, if any, affecting crops growing or to be grown on the land.

This Home Office Issue/Directly Issued
Policy Was Countersigned in Dallas, TX
By: _____
Title Resources Guaranty Company

TITLE RESOURCES GUARANTY COMPANY

FOURTH AMENDMENT TO OPTION FOR THE PURCHASE OF REAL ESTATE

This Fourth Amendment to Option for the Purchase of Real Estate ("Second Amendment") is entered into by and between **MOORE-SHAHEEN LAND, LLP**, a Texas limited liability partnership ("Seller"), and **THE NATURE CONSERVANCY**, a nonprofit corporation organized and existing under the laws of the District of Columbia ("Conservancy").

Recitals

A. Seller and the Conservancy executed that certain Option for the Purchase of Real Estate (the "Agreement") dated effective March 2, 2012, pursuant to which Seller granted the Conservancy an option to purchase 3,000 acres, more or less, located in Yoakum and Cochran County, Texas, as more particularly described in the Agreement, as amended by that certain (i) Amendment to Option (undated) which extended the closing date to August 24, 2012, (ii) Second Amendment dated effective August 24, 2012, which further extended closing to August 29, 2012, excluded the Southeast Quarter (SE/4) of Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas ("SE/4 of Section 27") from the property purchased at said closing due to a wind rights reservation and allowed TNC an additional 30 days after said closing under the Agreement to determine if the SE/4 of Section 27 can be purchased by TNC within said period in accordance with its due diligence and title requirements, and (iii) Third Amendment which extended closing for the SE/4 of Section 27 to October 26, 2012.

B. TNC desires additional time for purchasing the SE/4 of Section 27 in order to obtain necessary approvals and to reduce the purchase price for said tract by $1,000 due to the wind rights reservation, and Seller desires to allow this extension provided that closing on such purchase is completed on or before November 15, 2012, and TNC pays for the title policy costs at closing.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Conservancy agree as follows:

1. Purchase Price Adjustment: Section 2 of the Agreement is hereby amended to provide that the purchase price for the SE/4 of Section 27 shall be **$49,097.60**, which reflects $315/acre multiplied by 159.04 acres (surveyed acreage of tract) less $1,000 due to the wind rights reservation.

2. Closing Cost Adjustment: In consideration of the extension, Section 8 of the Agreement is hereby amended to provide that TNC shall pay for the title policy at closing.

3. Closing Extension. Section 7 of the Agreement is hereby amended to modify the closing date so that closing on the SE/4 of Section 27 shall occur on or before **November 15, 2012**. In the event that closing on the SE/4 of Section 27 does not occur within said time period, the Agreement shall terminate.

4. Miscellaneous.

a. Except as amended by this Amendment, the Agreement is hereby ratified and confirmed in all respects. The Agreement as amended by this Amendment shall be read, taken and construed as one and the same instrument.

b. No provision of the Agreement, as amended by this Amendment, shall be deemed amended or waived unless such amendment or waiver is set forth in a writing signed by Seller and Conservancy.

c. Capitalized terms used in this Amendment herein shall have the meanings ascribed to them in the Agreement. This Amendment may be executed in multiple counterparts, each of which taken together shall constitute a single instrument.

Executed to be effective as of the date of October 26, 2012.

SELLER:

MOORE-SHAHEEN LAND, LLP, a Texas limited partnership

By: _____
Name: Buddy Moore
Title: Partner
Date: 10/26/12

By: _____
Name: F.E. Shaheen, III
Title: Partner
Date: 102612

THE NATURE CONSERVANCY

By: _____
Name: LAUREL HUFFMAN
Title: TEXAS STATE DIRECTOR
Date: _____

OPTION FOR THE PURCHASE OF REAL ESTATE

In consideration of **$1,500** (the "Option Consideration") paid to the Title Company (defined below), the receipt and adequacy of which are hereby acknowledged, and of the agreements contained in this Option, **Moore-Shaheen Land, LLP**, a Texas limited liability partnership ("Seller"), hereby grants to **The Nature Conservancy**, a non-profit corporation of the District of Columbia (the "Conservancy"), and its successors and assigns, the exclusive and irrevocable right and option to purchase that certain land containing approximately **3,000 acres**, more or less, located in Yoakum and Cochran Counties, Texas, generally described on Exhibit A attached hereto and made a part hereof for all purposes, the exact description and number of acres to be determined pursuant to the survey as provided hereinafter, together with all rights, appurtenances, easements, improvements, fixtures and hereditaments thereon and pertaining thereto, including without limitation, wind and water rights, access rights, timber rights, development rights, wastewater rights and all other rights but expressly reserving unto Seller, its successors and assigns, forever, all of its interest in and to any oil, gas, methane and other liquid or gaseous hydrocarbons, subject however to a surface waiver (collectively, the "Property"), under the following terms and conditions:

1. **OPTION TERM AND EXERCISE**. This Option shall commence on the effective date of this Option and terminate on **May 1, 2012** ("Option Period"). This Option may be exercised by the Conservancy sending written notice (the "Notice of Election") to the Seller on or before the expiration of the Option Period, as it may be extended if agreed upon by the parties (the "Option Exercise Date"). If the Conservancy does not send the Notice of Election to Seller on or before the Option Exercise Date, this Option shall automatically terminate.

2. **PURCHASE PRICE**. If the Conservancy elects to exercise the Option, the total purchase price for the Property is **$315** per acre, plus a prorated amount for any fractional acre. The total acres of the Property will be determined by a survey, and any acreage excepted to by the Title Company shall be excluded from the total acreage used for calculating the purchase price. The survey requirements are set out in Section 5 below. The Option Consideration will be applied to the purchase price. The balance of the purchase price will be paid at closing.

3. **WELL SHARING & RIGHT OF FIRST REFUSAL AGREEMENT**. If the Conservancy elects to exercise the Option, the Conservancy's obligation to close this transaction is conditioned upon the execution at closing of a well sharing and right of first refusal agreement between Seller and the Conservancy for a term of two years (the "Well Sharing RFR Agreement") that will provide for (i) limited use by the Conservancy of the Seller's water well and delivery system on Seller's 3,041 acre tract that is adjacent to the Property ("Adjacent Tract") and (ii) a right of first refusal to purchase the Adjacent Tract with 30 days for the Conservancy to match an offer and 75 days thereafter to close in consideration for the Conservancy's payment of **$7,500.00** and its agreement to maintain such water well and delivery system and provide Seller with limited access to the Property for controlling feral hogs. The specific terms and conditions of the Well Sharing RFR Agreement are subject to the approval of Seller and the Conservancy and may be set forth in separate instruments, and if such agreement is not reached by the parties, either party

may terminate this Agreement, in which case the Option Consideration shall be refunded to the Conservancy.

4. **TAX DISCLAIMER & NO GIFT**. Seller hereby represents and warrants that (i) Seller has not relied upon any representation by or on behalf of the Conservancy concerning the tax consequences of this specific transaction; and (ii) Seller has been advised by the Conservancy to seek Seller's own professional advice regarding such tax consequences.

Seller does not consider this transaction to have a "bargain sale" component. Seller will not submit an IRS Form 8283 "Noncash Charitable Contributions" to the Conservancy in connection with this transaction.

5. **SURVEY**. The Conservancy may secure and deliver to the Seller and the Title Company (defined below) a survey of the Property by a registered or licensed land surveyor to determine the boundaries, legal description and acreage of the Property ("Survey"). The Survey shall be in a form acceptable to the Title Company to delete from a final title insurance policy the standard exception(s) routinely deleted based upon a survey of the insured Property and shall conform to survey requirements established by the State of Texas.

The Seller and the Conservancy shall each have the right to be present during the Survey. The final legal description prepared by the surveyor and accepted by the Seller, Conservancy, and the Title Company will be substituted for Exhibit A attached hereto and shall be attached to the deed. The cost of the Survey shall be the responsibility of the Conservancy. If the Seller and Conservancy cannot agree upon the Survey or the acreage to be utilized in calculating the purchase price, either party may terminate this Agreement, in which case the Option Consideration shall be refunded to the Conservancy.

6. **ASSIGNMENT**. This Option may only be assigned with approval from the Seller.

7. **CLOSING**. In the event that Conservancy exercises its option, closing will be on **July 20, 2012**, or as soon thereafter as the conditions for closing set forth in this Agreement have been met. In the event that the Conservancy does not receive the Title Commitment (defined below) and copies of exception documents within the time period specified herein, the Option Exercise Date and closing shall be extended one (1) day for each day any of said documents are past due. Closing will take place at the offices of **Yoakum County Abstract Co.**, 630 Cowboy Way, Plains, TX 79355, Tele. (806) 456-2615, is (the "Title Company") or such other place as the parties may mutually agree. Closing may be held in escrow through overnight delivery of closing documents to the Title Company or as otherwise agreed to by the parties.

8. **EVIDENCE OF TITLE**. On or before **March 15, 2012**, Seller shall, at Seller's sole cost and expense, provide to the Conservancy an owners title commitment (the "Commitment") binding the Title Company to issue at closing an owner's policy of title insurance (the "Title Policy"), in an amount equal to the purchase price together with legible copies of all exceptions and other matters shown thereon. The cost of the Title Policy shall be the responsibility of the Seller; however, any additional endorsements desired by the Conservancy shall be the responsibility of the Conservancy.

9. **TITLE**. At closing, the Seller will convey good, insurable and marketable title to the Property together with all rights, hereditaments and appurtenances belonging to the Property to the Conservancy in fee simple, free and clear of all liens, encumbrances, restrictions, rights or exceptions except those of record that are acceptable to the Conservancy and as provided in this agreement. Title shall also be sufficient for the issuance of any additional endorsements desired by the Conservancy; provided, however, that the Conservancy shall be responsible for the premium cost for such endorsements. The Seller shall not transfer or encumber any interest in the Property prior to closing.

10. **TITLE DEFECTS**. If for any reason the Seller cannot deliver title at closing as required by this Option, the Conservancy may elect to: a) accept the Property with title as it is, or b) refuse to accept the Property in which case the Option Consideration shall be refunded to the Conservancy and this contract shall be deemed terminated without any further obligation on the part of either party.

Without limitation, the Property shall not be considered to be in compliance with this Option's title requirements unless all structures and improvements, including any driveways and accessory structures, if any, are located within the lot lines of the Property and do not encroach upon or under any property not within such lot lines; and no building, structure, improvement or property of any kind encroaches upon or under the Property from other property.

11. **DOCUMENTS FOR CLOSING**. The Seller shall execute and deliver at closing a general warranty deed which shall reserve all of the Seller's interest in the oil, gas, methane, and other liquid or gaseous hydrocarbons subject to a surface waiverand contain an exception to any other matter(s) which may appear of record concerning the Property that are identified in Schedule B of the final Commitment, the terms of which shall be approved by the Conservancy and the Attorney for Seller, the Well Sharing RFR Agreement, evidence of Seller's authority to sell the Property satisfactory to the Conservancy and the Title Company, a FIRPTA Affidavit (as defined in the Seller's Representations and Warranties paragraph below), an owner's affidavit and/or other documents required by the Title Company to remove the standard title policy exceptions (including without limitation, the mechanic's and materialmen's liens exception and the "Rights of Parties in Possession" exception), and any other documents necessary to close in accordance with the terms of this Option and as may be required by the Title Company. These documents will be prepared at the expense of the Seller, except that the Conservancy agrees to prepare the deed and Well Sharing RFR Agreement.

12. **PROPERTY TAXES**. Any delinquent real estate taxes are the Seller's responsibility and shall be satisfied of record by the Seller at or before closing.

Any real estate taxes assessed against the portion of the Property in the year of closing, but which are not yet due and payable, will be prorated to the date of closing based upon the most recent available tax statements. Ad valorem taxes for the Property for the calendar year of Closing shall be prorated to the date of Closing – if the tax assessment for the calendar year of Closing is available, the Seller shall pay the full amount of such taxes prior to Closing and the Conservancy's pro rata portion shall be paid to Seller at closing; otherwise the Conservancy shall receive a credit against the purchase price for the Seller's pro rata portion of such taxesand

Conservancy shall pay all of the ad valorem taxes for the year of closing when the same become due. The Seller's pro rata portion of such taxes shall be based upon taxes actually assessed and charged for the calendar year of Closing and shall not include any taxes accrued under agricultural or other special use exceptions. If, for any reason, ad valorem taxes for the calendar year of Closing have not been assessed on such portion of the Property, such proration shall be estimated based upon ad valorem taxes for the immediately preceding calendar year and an appropriate adjustment shall be made between the parties when the taxes of the calendar year of Closing are assessed.

Seller shall be responsible for ad valorem taxes on the Property for periods prior to the calendar year of Closing; provided, however, if Seller's change in the use of the Property prior to Closing or denial of a special use valuation results in the assessment of additional taxes regarding the Property for periods prior to Closing, Seller shall be responsible for the payment of such taxes. The obligations in this paragraph shall not merge with the Deed to be delivered hereunder but shall survive the Closing.

13. MISCELLANEOUS CLOSING EXPENSES. The Seller will pay any real estate transfer fee or any similar charge due upon conveyance of title to the Conservancy. Escrow fees shall be shared equally by the parties. Recording and other fees of any documents necessary for satisfying Schedule C of the Title Policy and any like-kind exchange shall be the Seller's cost; other standard closing costs not otherwise addressed in this Option will be paid according to local custom. Each party will be responsible for its own attorney's fees.

14. POSSESSION. The Seller will deliver full possession of the Property to the Conservancy at closing.

15. REMOVAL OF MATERIALS. The Seller shall remove all personal property, rubbish, trash, and waste required to be removed by the Conservancy, if any, from the Property prior to closing. This provision shall expressly survive the Closing.

16. PRESERVATION OF PROPERTY. Seller agrees that the Property shall remain as it now is until closing, and that Seller will prevent and refrain from any use of the Property for any purpose or in any manner that would adversely affect the Conservancy's intended use of the Property. Specifically, but without limitation, Seller shall make no alterations to any improvements, timber resources, other vegetation, topography, wetlands or watercourses, or other natural resources.

In the event of any actions or adverse change in the condition of the Property, the Conservancy may elect to: a) refuse to accept the Property, in which case the Option Consideration shall be refunded to the Conservancy, or b) accept the Property, or a portion thereof, in which case there may be an equitable adjustment of the purchase price based on the change in circumstances.

17. RIGHT OF ENTRY AND INSPECTION. The Conservancy and their agents shall have the right to enter upon the Property at reasonable times for surveying, for conducting an environmental inspection and assessment to detect hazardous or toxic substances, for conducting an inspection of the buildings on the Property to determine the condition and performance of the

buildings' condition, structure and systems, and for other reasonable purposes related to this transaction. Based upon the results of the environmental inspection and assessment and other inspections, the Conservancy may elect to: (a) refuse to accept the Property, in which case the Option Consideration shall be promptly refunded.

18. SELLER'S REPRESENTATIONS AND WARRANTIES. The Seller warrants and represents to the Conservancy the following matters and agrees to indemnify, defend and hold harmless the Conservancy from any loss or liability relating to these matters, with the intent that these representations, warranties and indemnities shall survive closing:

a. Title to the Property/Authority. The Seller is the sole legal owner of the Surface Estate of the Property in fee simple. The Surface Estate of the Property is not now subject to any written or oral lease, license, permit, option, agreement of sale, claim or legal proceeding except as set forth herein. There are no condemnation proceedings pending with regard to any portion of the Property, and Seller does not know of any proposed condemnation proceedings involving the Property. Seller has the full power and authority to execute this Option and all agreements and documents referred to in this Option and to fully perform as required by this Option.

b. Condition of Property. The Seller is not aware of any facts that would adversely affect the Conservancy's intended uses of the Property. However, Conservancy is purchasing the Property AS IS, WHERE IS, WITH ALL FAULTS OF ANYTYPE OR KIND AND WITHOUT ANY WARRANTY EXCEPT AS TO THE WARRANTY OF TITLE AS CONTAINED IN THE DEED. THERE IS NO WARRANTY AS TO FITNESS FOR A SPECIFIC PURPOSE OR SPECIFIC USE.

c. Access. To the best of Seller's knowledge, the Property has, and shall have at closing, legal and physical access to the Property from the south, across the "Fitzgerald properties" which have heretofore been purchased by Conservancy.

d. Hazardous Substances. To the best of Seller's knowledge:

(i) There is no and has been no condition at, on, under or related to the Property presently or potentially posing a significant hazard to human health or the environment, whether or not in compliance with law;

(ii) There is no and has been no production, use, treatment, storage, transportation, or disposal of any Hazardous Substance (as defined below) on the Property;

(iii) There is no and has been no release or threatened release of any Hazardous Substance, pollutant or contaminant into, upon, or over the Property or into or upon ground or surface water at the Property or within the immediate vicinity of the Property;

(iv) There is not now and has never been any Hazardous Substance stored on the Property in underground tanks, pits, or ponds;

(v) The Property is not subject to any "superfund" or similar lien or any claim by any government regulatory agency or third party related to the release or threatened release of any Hazardous Substance.

The term "**Hazardous Substance(s)**" means any substance that is defined as a hazardous substance, hazardous material, hazardous waste, petroleum product, pollutant or contaminant under any environmental law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et. seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et. seq., the Clean Water Act, 42 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C., Section 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300(f) et seq., and any and all regulations promulgated thereunder, or any similar federal, state or local laws, ordinances or regulations adopted under these acts.

e. Tanks/Wells. There have not been and there are not now any underground or aboveground storage tanks, septic tanks or wells located on or under the Property, or if there have been or are any such tanks or wells located on the Property their location has been identified to the Conservancy in writing, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release of any Hazardous Substance into the environment.

f. Non-foreign Status. To inform the Conservancy that withholding of tax is not required under § 1445(b)(2) of the Internal Revenue Code and regulations thereunder and under penalties of perjury, the Seller hereby certifies that the Seller is not a non-resident alien or a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined for purposes of federal income tax law. At closing, Seller agrees to deliver to the Conservancy an affidavit certifying Seller's non-foreign status, together with Seller's social security number/federal taxpayer identification number (**FIRPTA Affidavit**). The Seller consents to the delivery of such affidavit to the Conservancy, and understands that this certification may be disclosed to the Internal Revenue Service and that any false statement made could be punished by fines, imprisonment or both.

g. Broker's Claims. Neither the Conservancy nor the Seller has used a real estate agent or broker in connection with the sale of the Property.

h. Government Farm Programs. The Property is not enrolled in the Direct and Countercyclical Payment Program, the Conservation Reserve Program, the Wetland Reserve Program or any other program of the United States Department of Agriculture except: the Prairie Chicken Program which will be terminated by the Seller as part of the Closing in the event that the Conservancy doesn't (or cannot) assume to continue this with respect to the Property as the program participant. The

Property is not subject to any government cost-share contracts or other agreements that restrict either the use of the Property or the modification of any improvements.

i. Conflict of Interest. In order to assist the Conservancy in identifying potential conflicts of interest, Seller has completed, signed and delivered to the Conservancy its disclosure form (the "Disclosure Form"). Seller warrants and represents to the Conservancy that the information in the Disclosure Form is, to the best of Seller's knowledge, true and correct. Seller shall promptly notify the Conservancy in writing if any change in circumstances occurs prior to closing that would change any response on the Disclosure Form. In the event that any answer on the Disclosure Form changes prior to closing, or in the event that any material misrepresentation or mis-statement in the Disclosure Form is discovered before closing, the Conservancy may elect to declare this Option null and void, in which case the Option Consideration shall be returned to the Conservancy.

19. CERTIFICATION REGARDING MATERIAL SUPPORT AND RESOURCES TO TERRORISTS.

A. Seller hereby certifies:

(1) Seller does not and will not engage in, advocate, commit, facilitate, or support any terrorist acts.

(2) Seller will take all reasonable steps to ensure that Seller does not and will not knowingly provide, material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated, or participated in terrorist acts.

(3) Before providing any material support or resources to an individual or entity, Seller will consider all information about that individual or entity of which it is aware or that is available to the public.

(4) Seller will implement reasonable monitoring and oversight procedures to safeguard against assistance being diverted to support terrorist activity.

B. For purposes of this Certification:

(1) "Material support and resources" means currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

(2) "Terrorist act" means: (a) an act prohibited pursuant to one of the 12 United Nations Conventions and Protocols related to terrorism (see UN terrorism conventions Internet site: http://untreaty.un.org/English/Terrorism.asp); or (b) an

act of premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents; or (c) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

(3) "Entity" means a partnership, association, corporation, or other organization, group or subgroup.

C. In the event that any material misrepresentation in this Certification is discovered before closing, the Conservancy may elect to declare this Agreement null and void and immediately terminate it. In the case of an intentional material misrepresentation, the Conservancy may, at its option, recover damages resulting from the termination. Notice of termination shall be given to Seller at the address set forth under "Notices".

20. **REPRESENTATION BY LEGAL COUNSEL**. Seller acknowledges that the Conservancy has advised Seller to have Seller's attorney review this Option and all attached exhibits, and that the Conservancy is not acting on behalf of, or advising Seller in this transaction and Seller has not relied on any information or advice provided by Conservancy or its agents.

21. **REMEDIES**. In addition to any other remedy specifically set forth in this Option, the Conservancy has the right to enforce the provisions of this Option through an action for specific performance only in the event that Conservancy elects to Close upon this option and Seller refuses to Close. The election of any one remedy available under this Option shall not constitute a waiver of other available remedies.

22. **EXHIBITS**. The following exhibits are attached to and incorporated into this Option by this reference: Exhibit A – Legal Description.

23. **NOTICES**. Except as otherwise expressly set forth in this Agreement, all notices required to be given under this Option shall be deemed given upon the earlier of actual receipt or two days after being mailed by U.S. mail, or on the date of successful facsimile transmission (if received prior to 5:30 p.m. Central Time), addressed to:

Seller:

Buddy Moore
PO Box 1594
Levelland, Texas 79336
Tele. (806) 893-2457

With Copy to:

Bradford L. Moore
PO Box 352
Brownfield, Texas 79316
Tele. (806) 637-6466

Conservancy:

The Nature Conservancy
Attn: Legal Department
200 E. Grayson St., Suite 202
San Antonio, Texas 78215
Telephone Number: (210) 224-8774
Fax Number: (210) 228-9805

With a Copy to:

The Nature Conservancy
Attn: Jeff Francell
318 Congress Avenue
Austin, TX 78701
Telephone Number: (512) 623-7250

or to such other addresses as the parties may designate in writing.

24. **NO WAIVER**. No provision of the Option shall be deemed amended or waived unless such amendment or waiver is set forth in a writing signed by the Conservancy. No act or failure to act by the Conservancy shall be deemed a waiver of its rights hereunder, and no waiver in any one circumstance or of any one provision shall be deemed a waiver in other circumstances or of other provisions.

25. **HOLIDAYS**. If any date set forth in this Option or computed pursuant to this Option falls on a Saturday, Sunday or national holiday, such date shall be deemed automatically amended to be the first business day following such weekend day or holiday.

26. **ATTORNEYS' FEES**. In the event of any breach or default hereof by a party, the non-defaulting party shall be entitled to recover its costs and expenses of litigation and settlement, including, without limitation, attorneys' fees and expenses, court costs, settlement costs and experts' costs, and fees.

27. **EFFECTIVE DATE**. This Option becomes effective on the date of the last signature of Seller and the Conservancy.

28. **LIKE-KIND EXCHANGE**. It is the desire and intention of Seller to exchange the Property for property of a like-kind in an exchange under Section 1031 of the Internal Revenue Code. The Conservancy agrees to cooperate with Seller in attempting to implement such an exchange, provided that the Conservancy will not be required to incur any additional expense or liability as a

result thereof. Any assignment with respect to an exchange will not relieve Seller of Seller's obligations under this Agreement. Seller shall hold the Conservancy harmless from any expenses or liabilities incurred by the Conservancy as a result of the Conservancy's cooperation hereunder. If for any reason it is determined that a like-kind exchange of the Property would be impractical or impossible to implement, then the Conservancy shall be entitled to effect a cash purchase of the Property.

29. **COMPLETE AGREEMENT; COUNTERPARTS.** This Option constitutes the sole and complete agreement between the parties and cannot be changed except by written amendment. No representation or promise not included in this Option or any written amendment shall be binding upon the parties. This Option may be executed in multiple counterparts, each of which taken together shall constitute a single instrument.

[Signature Page(s) to Follow]

Executed on the dates set forth below, to be effective as of the date of the last signature of Seller and the Conservancy.

SELLER:

Moore-Shaheen Land, LLP

By: _____
Name: Buddy Moore F.E. SHAHEEN
Title: PARTNERS
Date: 3/2/12

STATE OF TEXAS §
COUNTY OF Hockley §
§

This instrument was acknowledged before me on the 2 day of March, 2012, by F.E. Shaheen, as _____ of MOORE-SHAHEEN LAND, LLP, Seller, in such capacity on behalf of said entity.

JENNIFER A. COOK
Notary Public, State of Texas
My Commission Expires
October 06, 2014

Jennifer A. Cook
Notary Public, State of Texas

THE NATURE CONSERVANCY

By: _____
Name: LAURA HUFFMAN
Title: TEXAS STATE DIRECTOR

Date: 03/12/12

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 12th day of MARCH, 2012, by LAURA HUFFMAN, as TX STATE DIRECTOR of THE NATURE CONSERVANCY, in such capacity on behalf of said corporation.

ROSANNA SUTHERLAND
Notary Public, State of Texas
My Commission Expires
September 07, 2014

_____
Notary Public, State of Texas

TITLE COMPANY RECEIPT

YOAKUM COUNTY ABSTRACT COMPANY acknowledges receipt of this Option executed by Seller and the Conservancy and the Option Consideration of $1,500.00, this _____ day of _____, 2012, and agrees to hold same in accordance with the terms hereof.

BY: _____

NAME: _____
Escrow Officer

DATE: _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

Approximately 3,000 acres, more or less, of the exact description and number of acres to be determined pursuant to A survey, but being generally described as being part of Section 25, all of Section 26, and the North Half (N/2) and the Southwest Quarter (SW/4) of Section 27, all in Block D, John H. Gibson Survey, Yoakum County, Texas;

Section Nos. 1, 2, 3, and a portion of 4, in Block G, Public School Land, Cochran and Yoakum Counties, Texas;

All of Section 8, Block P, Public School Land, Cochran and Yoakum Counties, Texas.

ESCROW RECEIPT

Property Address: Part of Section 25; Section 26; N/2, SW/4 Section 27, Block D, John H. Gibson Survey, Yoakum County, Texas; Sections 1, 2, 3, part of 4, Block G, Public School Land Survey, Yoakum & Cochran Counties, Texas; and Section 8, Block P, Public School Land Survey, Yoakum & Cochran Counties, Texas

Escrow Agent acknowledges receipt of **$1,500.00** Earnest Money in the form of (~~cash/check~~/wire transfer) representing earnest money being deposited pursuant to the attached Earnest Money Contract. Escrow Agent (i) is not a party to the Earnest Money Contract, (ii) has no liability on a check until the check has cleared, (iii) shall not be liable for any interest or other charge on the Earnest Money and shall be under no duty to invest or re-invest funds held by it at any time, (iv) does not represent the allowable use or activity on the Property, (v) does not promise to deliver the Commitment within the time stated in the Earnest Money Contract, and (vi) requires that Buyer make written request of the Escrow Agent for copies of covenants and documents.

Date: 03/20/2012

Yoakum County Abstract Company,
d/b/a Elliott & Waldron Abstract Company
P. O. Box 457
630 Cowboy Way
Plains, TX 79355
(806) 456-2615

by: M J Boulter

A. Settlement Statement (HUD-1)

B. Type of Loan

1. [ ] FHA 2. [ ] RHS 3. [ ] Conv. Unins. 4. [ ] VA 5. [ ] Conv. Ins 6. [X] Other	6. File Number: 9649	7. Loan Number:	8. Mortgage Insurance Case Number:

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name & Address of Borrower: The Nature Conservancy By _____, its _____ P.O. Box 1440 San Antonio, TX 78295	E. Name & Address of Seller: Clay Lynn West 2203 Fourth Ave. North Texas City, TX 77590 Janice West Biggersteff 16568 SW Matador Ln Tigard, OR 97224	F. Name & Address of Lender:
G. Property Location: Undivided 1/2 interest in SW/4 Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas	H. Settlement Agent: Yoakum County Abstract Company Place of Settlement 630 Cowboy Way P.O. Box 457 Plains, TX 79355	I. Settlement Date: 09/07/2012 Settlement Agent ID 75-1968460 Phone No.: (806) 456-2815

J. Summary of Borrower's Transaction

100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sale Price	25,151.00
102. Personal property	
103. Settlement charges to borrow (line 1400)	1,243.25
104.	
105.	
Adjustments for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. DCISD taxes to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER:	26,404.25
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	1,000.00
202. Principal amount of new loan from	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes	
211. All property taxes 01/01/12 to 09/07/12	13.87
212. DCISD taxes	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY FOR BORROWER:	1,013.87
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross amount due from borrower (line 120)	26,404.25
302. Less amounts paid by/for borrower (line 220)	(1,013.87)
303. Cash [X] From [ ] To Borrower/Buyer	25,390.38

K. Summary of Seller's Transaction

400. GROSS AMOUNT DUE SELLER:	
401. Contract sales price	25,151.00
402. Personal property	
403.	
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes to	
407. County taxes to	
408. DCISD taxes to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER:	25,151.00
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (see instructions)	
502. Settlement charges to seller (line 1400)	48.00
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan to	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes	
511. All property taxes 01/01/12 to 09/07/12	13.87
512. DCISD taxes	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	61.87
600. CASH AT SETTLEMENT TO/FROM SELLER	
601. Gross amount due to seller (line 420)	25,151.00
602. Less total reducts in amt due seller (line 520)	(61.87)
603. Cash To [X] [ ] From Seller	25,089.13

Purchaser understands the Closing or Escrow Agent has assembled this information representing the transaction from the best information available from other sources and cannot guarantee the accuracy thereof. Any real estate agent or lender involved may be furnished a copy of this Statement.

Purchaser understands that tax and insurance prorations and reserves were based on figures for the preceding year or supplied by others, or estimates for current year, and in the event of any change for current year, all necessary adjustments must be made between Purchaser and Seller directly.

The undersigned hereby authorizes Yoakum County Abstract Company to make expenditures and disbursements as shown above and approves same for payment. The undersigned also acknowledges receipt of Loan Funds, if applicable, in the amount shown above and receipt of a copy of this Statement.

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

The Nature Conservancy
By _____, Its _____

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused or will cause the funds to be disbursed in accordance with this statement.

Settlement Agent

September 7th, 2012
Date

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

Sellers' Initials _____ _____ Buyers' Initials _____ _____

10) CLOSING DISCLAIMER. SELLER and BUYER each acknowledge understanding that the above-referenced transaction has not yet "closed". At this time, any change in possession of the Property takes place AT BUYER'S AND SELLER'S OWN RISK. This transaction is not "closed" until:

a) All title requirements are completed to the satisfaction of TITLE COMPANY;
b) All necessary documents are properly executed, reviewed, and accepted by the parties to this transaction and by TITLE COMPANY;
c) All funds are collected and delivered to and accepted by the parties to whom they are due; and,
d) All necessary documents are filed of record in the appropriate public records.

BUYER and SELLER also recognize that neither TITLE COMPANY nor its underwriter-in-interest is under any obligation to defend possession of the Property or to insure title of the Property, until such time as the above-stated requirements have been fulfilled.

Sellers' Initials _____ _____

11) IRS REPORTING. SELLER acknowledges having received a closing copy of the HUD-1 Settlement Statement as a Substitute Form 1099-S. In accordance with federal tax regulations, information from the HUD-1 Statement will be furnished to the Internal Revenue Service.

Leave: _____ Delete: X

Buyers' Initials _____ _____

12) ARBITRATION. You may require deletion of the arbitration provision of the Owner Policy. If you do not delete this provision, either you or the Company require arbitration, if the law allows. There is no charge to delete this provision.

Buyers' Initials _____ _____

13) NOTICE. You may wish to consult an attorney to discuss matters shown in Schedule B or C of the Commitment, or to attend your closing. These matters will affect your title and use of your land. Your Title Insurance Policy will be a legal contract between you and the Company. The Commitment and Policy are not abstracts of title, title reports or representations of title. They are contracts of indemnity. We do not represent that your intended use of the property is allowed under the law or under the restrictions or exceptions to title on your land.

SELLER'S SIGNATURE(S):

_____
Clay Lynn West

_____
Janice West Biggerstaff

BUYER'S SIGNATURE(S):

_____
The Nature Conservancy

_____
By _____, its _____

STATE OF TEXAS §
COUNTY OF _____ §

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON September _____, 2012 by Clay Lynn West.

_____
Notary Public, State of Texas

STATE OF OREGON §
COUNTY OF _____ §

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON September _____, 2012 by Janice West Biggerstaff.

_____
Notary Public, State of Oregon

STATE OF TEXAS §
COUNTY OF _____ §

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON September _____, 2012 by The Nature Conservancy By _____, its _____.

_____
Notary Public, State of Texas

gf 9649

2012-3823 D
09/14/2012 01:28 PM Total Pages: 5 Fee: 27.00
Deborah Rushing,County Clerk- Yoakum County, Texas

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

THE STATE OF TEXAS §
§
COUNTY OF YOAKUM §

WARRANTY DEED

Date: September 10, 2012

Grantor: CLAY LYNN WEST
Mailing address: 2203 4th Avenue North, Texas City, Texas 77590

and

JANICE WEST BIGGERSTAFF
Mailing address: 16588 SW Matador Ln., Tigard, Oregon 97224

Grantee: THE NATURE CONSERVANCY, a District of Columbia non-profit corporation
Mailing address: 4245 N. Fairfax Dr., Suite 100, Arlington, Virginia 22203
With local address of: 318 Congress Ave., Austin, Texas 78701 [Travis County]

Consideration: TEN AND NO/100THS DOLLARS ($10.00) and other good and valuable consideration.

Property: An undivided one-half (1/2) interest in and to the Southwest Quarter (SW/4) of Section 25, Block D, John H. Gibson Survey, located in Yoakum County, Texas, being all of Grantor's ownership interest in this land. This conveyance includes all rights, hereditaments, and appurtenances belonging to the Property, including, without limitation, all of Grantor's right, title, and interest, if any, in and to (i) any easements, rights of way, or rights of ingress and egress benefiting the Property, (ii) any "excess land", "vacancies", strips and gores between the Property and abutting properties, and land lying in or under any public road, highway or the bed of any creek, stream or river running through or abutting or adjacent to the Property, whether owned or claimed by deed, limitations, or otherwise, (iii) any riparian, water, wind, development or wastewater rights appurtenant to the Property, and (iv) any and all claims, demands and causes of action of whatever kind or nature against any person, accruing from or during Grantor's ownership of the Property or which Grantor may otherwise own, for or relating to pollution, damage or other injury to the surface and/or subsurface of the Property, whether arising by breach of contract, tort, strict liability, statute, regulation or otherwise.

Reservations from Conveyance: Clay Lynn West, a Grantor herein, reserves all of his respective interest in and to all oil, gas, and other minerals in and under and that is produced or producible from the Property, subject however to a surface waiver with the following restrictions: (i) no development, exploration, extraction or production activities or operations under the authority of or by virtue of these reserved rights or interests shall be conducted on the Property, (ii) Clay Lynn West waives and conveys to Grantee the right of ingress and egress to and from the surface of the Property involving these reserved rights or interests, and (iii) any activities and operations involving these reserved rights or interests that

are conducted or carried out on land owned by him other than the Property shall in no manner interfere with the surface or subsurface support of any structures, improvements, or natural habitat features on the Property.

Exceptions to Conveyance and Warranty (to the extent same are valid and existing and affect the Property): Those certain exceptions as more particularly described below:

1. All previous reservations of oil, gas, and other minerals of record, together with all rights, privileges, and immunities related thereto; and

2. Lack of a right of access to and from the Property.

Taxes for the current year have been prorated to the date hereof and are assumed by the Grantee; provided, however, that if Grantor's change in the use of the Property prior to this Deed or denial of a special use valuation results in the assessment of additional taxes regarding the Property for periods prior to this Deed, then Grantor shall be responsible for the payment of such taxes.

Each Grantor is not joined by his/her spouse, if any, because he/she is dealing with his/her sole and separate property.

Grantor, for the consideration and subject to the Reservations from Conveyance and Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's successors and assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, successors, and assigns to warrant and forever defend all and singular the Property to Grantee and Grantee's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from Conveyance and Exceptions to Conveyance and Warranty.

Grantee acknowledges that payment for the Property is made available by a Non-Traditional Section 6 Endangered Species Recovery Land Acquisition Grant funded by the United States Secretary of the Interior, thereby creating a Federal interest in the Property. The Grantee shall not dispose of or encumber its title or other interest in the Property without permission and instructions from the United States except as expressly permitted by the grant. In the event the Grantee fails to fully comply with the terms and conditions set forth through the acceptance of the Non-Traditional Section 6 Endangered Species Recovery Land Acquisition Grant, Grant # E-144-RL, after having been given written notice of such alleged failure and a reasonable opportunity to cure the same, the property interest acquired with the grant funds or the grant funds themselves shall be subject to transfer, replacement, or repayment proportionally to the United States in accordance with instructions from the United States and applicable law. No right of access by the general public is granted to any portion of the Property subject to these restrictions merely by virtue of the fact that all or a portion of the Property was acquired using federal grant funds or used as a match there under; provided, however, if the owner of the Property permits access to the general public to the Property subject to these restrictions, then such access shall be open to all persons who are otherwise eligible regardless of race, color, national origin, sex, age or disability.

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

This Deed may be may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

Executed as of the date set forth above.

GRANTOR:

CLAY LYNN WEST

THE STATE OF TEXAS §
COUNTY OF Galveston §

This instrument was acknowledged before me on the 10 day of September, 2012, by CLAY LYNN WEST.

NOTARY PUBLIC

[SEAL]

J. J. JOHNSTONE
Notary Public, State of Texas
My Commission Expires
02-20-2015

GRANTOR:

JANICE WEST BIGGERSTAFF

THE STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of September, 2012, by JANICE WEST BIGGERSTAFF.

NOTARY PUBLIC

[SEAL]

AFTER RECORDING RETURN TO:
The Nature Conservancy
Attn: Legal
200 E. Grayson St., Suite 202
San Antonio, Texas 78215

Executed as of the date set forth above.

GRANTOR:

_____
CLAY LYNN WEST

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of September, 2012, by CLAY LYNN WEST.

_____
NOTARY PUBLIC

[SEAL]

GRANTOR:

Janice West Biggerstaff
JANICE WEST BIGGERSTAFF

THE STATE OF Oregon §
COUNTY OF Yamhill §

This instrument was acknowledged before me on the 10 day of September, 2012, by JANICE WEST BIGGERSTAFF.

OFFICIAL SEAL
RYAN KELLY JONES
NOTARY PUBLIC-OREGON
COMMISSION NO. 459851
MY COMMISSION EXPIRES JULY 06, 2015

[SEAL]

_____
NOTARY PUBLIC

AFTER RECORDING RETURN TO:
The Nature Conservancy
Attn: Legal
200 E. Grayson St., Suite 202
San Antonio, Texas 78215

FILED and RECORDED

Instrument Number: 2012-3623

Filing and Recording Date: 09/14/2012 01:28:23 PM Recording Fee: 27.00

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the REAL PROPERTY RECORDS of Yoakum County, Texas.

Deborah Rushing, County Clerk
Yoakum County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS UNENFORCEABLE.

1143- 026049

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF TITLE INSURANCE

Issued by

Title Resources Guaranty Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, TITLE RESOURCES GUARANTY COMPANY, a Texas corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
   (a) A defect in the Title caused by:
      (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
      (ii) failure of any person or Entity to have authorized a transfer or conveyance;
      (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
      (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
      (v) a document executed under a falsified, expired or otherwise invalid power of attorney;
      (vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
      (vii) a defective judicial or administrative proceeding.
   (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
   (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
   (d) Any statutory or constitutional mechanic's, contractor's, or materialman's lien for labor or materials having its inception on or before Date of Policy.
3. Lack of good and indefeasible Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
   (a) the occupancy, use or enjoyment of the Land;
   (b) the character, dimensions or location of any improvement erected on the Land;
   (c) subdivision of land; or
   (d) environmental protection

   If a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without knowledge.
9. Title being vested other than as stated in Schedule A or being defective:
   (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or
   (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
      (i) to be timely, or
      (ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

Title Resources Guaranty Company

Myrna Boulter

An Authorized Signature

Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
Plains, Texas

By: Paul McNulty
Executive Vice President

Michael P. Gaydon
Secretary

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions or location of any improvement erected on the Land;
   (iii) subdivision of land; or
   (iv) environmental protection;

   or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

6. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.

CONDITIONS

1. **DEFINITION OF TERMS.**
   The following terms when used in this policy mean:
   (a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
   (b) "Date of Policy": the date designated as "Date of Policy" in Schedule A.
   (c) "Entity": a corporation, partnership, trust, limited liability company or other similar legal entity.
   (d) "Insured": the Insured named in Schedule A.
   (i) The term "Insured" also includes:
   (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives or next of kin;
   (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
   (C) successors to an Insured by its conversion to another kind of Entity;
   (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title:
   (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
   (2) if the grantee wholly owns the named Insured,
   (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
   (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
   (ii) With regard to (A), (B), (C) and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
   (e) "Insured Claimant": an Insured claiming loss or damage.
   (f) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
   (g) "Land": the land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
   (h) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
   (i) "Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
   (j) "Title": the estate or interest described in Schedule A.
   (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.

2. **CONTINUATION OF INSURANCE.**
   The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. **NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**
   The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) below, or (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

   When, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges therefor, issue to the Insured Claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a loan policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.

4. **PROOF OF LOSS.**
   In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. **DEFENSE AND PROSECUTION OF ACTIONS.**
   (a) Upon written request by the Insured, and subject to the options contained in Sections 3 and 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
   (b) The Company shall have the right, in addition to the options contained in Sections 3 and 7, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.
   (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

6. **DUTY OF INSURED CLAIMANT TO COOPERATE.**
   (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in

securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

(c) If the Insured demands that the Company accept a settlement offer that is not greater than the Amount of Insurance or if the Insured expressly agrees that a settlement offer should be accepted, the Company has a right to be reimbursed if it has timely asserted its reservation of rights and notified the Insured that it intends to seek reimbursement if it pays to settle or defend a claim that is not covered by the policy.

7. **OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**
In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

8. **DETERMINATION AND EXTENT OF LIABILITY.**
This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of:

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. **LIMITATION OF LIABILITY.**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, all as insured, or takes action in accordance with Section 3 or 7, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. **REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.**
All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. **LIABILITY NONCUMULATIVE.**
The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. **PAYMENT OF LOSS.**
When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. **RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. **ARBITRATION.**
Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. **LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each Commitment, endorsement or other form, or provision in the Schedules that refers to the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.

16. **SEVERABILITY.**
In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, and all other provisions shall remain in full force and effect.

17. **CHOICE OF LAW; FORUM.**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured, and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. **NOTICES, WHERE SENT.**
Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

Title Resources Guaranty Company
8111 LBJ Freeway, Suite 1200
Dallas, TX 75251

Title Resources Guaranty Company

A TEXAS CORPORATION

Owner's Policy of Title Insurance

Title Resources Guaranty Company

Home Office
Dallas, Texas

FOR INFORMATION, OR
TO MAKE A COMPLAINT, CALL:
1-800-526-8018

TITLE
RESOURCES
GUARANTY COMPANY

1. AGENT CODE 2. PROPERTY TYPE 3. COUNTY	4. POLICY AMOUNT 5. PREMIUM 6. RATE CODE	7. EFFECTIVE DATE 8. SURVEY AMENDMENT 9. ADDITIONAL CHAINS

OWNER'S POLICY:

1. 013	2. L	3. 501	4. $25,161.00	5. $135.25	6. 1000, 0010	7. 9/14/2012 @ 1:28 P.M.	8.	9.

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF
TITLE INSURANCE
POLICY NUMBER

GF NO. OR FILE NO.	DATE OF POLICY	AMOUNT OF INSURANCE	THE POLICY NUMBER SHOWN ON THIS SCHEDULE MUST AGREE WITH THE PREPRINTED NUMBER ON THE COVER
9649	September 14, 2012 @1:28 P.M.	$25,161.00	1143-026049

Schedule A

1. **Name of Insured:** The Nature Conservancy.

2. **The estate or interest in the land is insured as vested in:** fee simple.

3. **Title to the estate or interest in the land is insured as vested in:** The Nature Conservancy.

4. **The land referred to in this policy is described as follows:** The undivided ½ interest in and to the Southwest Quarter (SW/4) of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas, subject to, and the Company does not insure title to, and excepts from the description of the Land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the Land, together with all rights, privileges, and immunities relating thereto, as acquired in Deed from Clay Lynn West and Janice West Biggerstaff, filed under Clerk's file No. 2012-3623, Official Public Records, Yoakum County, Texas

TITLE RESOURCES GUARANTY COMPANY

OWNER'S POLICY OF
TITLE INSURANCE
POLICY NUMBER

GF NO. OR FILE NO	DATE OF POLICY	THE POLICY NUMBER SHOWN ON THIS SCHEDULE MUST AGREE WITH THE PREPRINTED NUMBER ON THE COVER
9649	September 14, 2012 @1:28 P.M.	1143-026049

Schedule B

EXCEPTIONS FROM COVERAGE

The Policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) that arise by reason of the terms and conditions of the leases or easements, if any, shown in Schedule A, and the following matters:

1. The following restrictive covenants of record itemized below (the Company must either insert specific recording data or delete this exception): This item is hereby deleted.
2. ~~Any discrepancies, conflicts, or~~ shortages in area ~~or boundary lines, or any encroachments or protrusions, or any overlapping of improvements~~
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities.
   a. to tidelands, or land 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.
5. Standby fees, taxes and assessments by any taxing authority for the year 2012, and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, *Texas Tax Code*, or because of improvements not assessed for a previous tax year.
6. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

a. The sole means of legal access to and from the property is via other lands owned by the insured.

TITLE RESOURCES GUARANTY COMPANY

Minerals and surface damage endorsement (T-19.3)

ISSUED BY

TITLE RESOURCES GUARANTY COMPANY

(Herein called the Company)

Attached to Policy No.: 1143-026049

Applies to Parcel(s): The undivided ½ interest in and to the Southwest Quarter (SW/4) of Section 25, Block D, John H. Gibson Survey, Yoakum County, Texas, subject to, and the Company does not insure title to, and excepts from the description of the Land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the Land, together with all rights, privileges, and immunities relating thereto, as acquired in Deed from Clay Lynn West and Janice West Biggerstaff, filed under Clerk's file No. 2012-3623, Official Public Records, Yoakum County, Texas

The Company insures the insured against loss which the insured shall sustain by reason of damage to permanent buildings located on the Land on or after Date of Policy resulting from the future exercise of any right existing at Date of Policy to use the surface of the Land for the extraction or development of coal, lignite, oil, gas or other minerals excepted or excluded on Schedule A, Item 2 or excepted in Schedule B. This endorsement does not insure against loss resulting from subsidence.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Myra Boulter
An Authorized Signature

Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
Plains, Texas

Title Resources Guaranty Company

By: Paul McNulty
Executive Vice President

Michael P. Hazdan
Secretary

TITLE RESOURCES GUARANTY COMPANY

1 IMPORTANT NOTICE

1 To obtain information or make a complaint:

2 You may contact your (title) at (telephone number).

Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
(806) 456-2615

3 You may call Title Resources Guaranty Company's toll-free telephone number for information or to make a complaint at:

1-800-526-8018

4 You may also write to Title Resources Guaranty Company at:

8111 LBJ Freeway, Ste. 1200
Dallas, TX 75251

5 You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

6 You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:
Should you have a dispute concerning your premium or about a claim you should contact the (agent) or Title Resources Guaranty Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

Yoakum County Abstract Company
P O Box 457
Plains, TX 79355

ATTACH THIS NOTICE TO YOUR POLICY:
This notice is for information only and does not become a part or condition of the attached document.

TITLE RESOURCES GUARANTY COMPANY

AVISO IMPORTANTE

1 Para obtener informacion o para someter una queja:

2 Puede comunicarse con su (title) al (telephone number).

Yoakum County Abstract Company
d/b/a Elliott & Waldron Abstract Company
(806) 456-2615

3 Usted puede llamar al numero de telefono gratis de Title Resources Guaranty Company's para informacion o para someter una queja al:

1-800-526-8018

4 Usted tambien puede escribir a Title Resources Guaranty Company:

8111 LBJ Freeway, Ste. 1200
Dallas, TX 75251

5 Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

6 Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: http://www.tdi.state.tx.us
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:
Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el (agente) o Title Resources Guaranty Company primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento
(TDI).

Yoakum County Abstract Company
P O Box 457
Plains, TX 79355

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

OPTION FOR THE PURCHASE OF REAL ESTATE

In consideration of **$1,000** (the "Option Consideration") paid to the Title Company (defined below), the receipt and adequacy of which are hereby acknowledged, and of the agreements contained in this Option, **C.L. West and Janice Biggerstaff** ("Seller"), hereby grants to **The Nature Conservancy**, a non-profit corporation of the District of Columbia (the "Conservancy"), and its successors and assigns, the exclusive and irrevocable right and option to purchase that certain land containing **160 acres**, more or less, located in Yoakum County, Texas, being more particularly described as the **SW/4 of Section 25, Block D, John H. Gibson Survey**, together with all rights, appurtenances, easements, improvements, fixtures and hereditaments thereon and pertaining thereto, including without limitation, water rights, access rights, timber rights, development rights, wastewater rights and all other rights, but subject to the reservation by C. L. West of all of his respective interest in and to any oil, gas and other minerals subject to a surface waiver (collectively, the "Property"), under the following terms and conditions:

1. **OPTION TERM AND EXERCISE**. This Option shall commence on the effective date of this Option and terminate on **August 1, 2012** ("Option Period"). This Option may be exercised by the Conservancy sending written notice (the "Notice of Election") to the Seller on or before the expiration of the Option Period, as it may be extended if agreed upon by the parties (the "Option Exercise Date"). If the Conservancy does not send the Notice of Election to Seller on or before the Option Exercise Date, this Option shall automatically terminate.

2. **PURCHASE PRICE**. If the Conservancy elects to exercise the Option, the total purchase price for the Property is **$315** per acre, plus a prorated amount for any fractional acre. The total acres of the Property will be determined by a survey, and any acreage excepted to by the Title Company shall be excluded from the total acreage used for calculating the purchase price. The survey requirements are set out in Section 4 below. The Option Consideration will be applied to the purchase price. The balance of the purchase price will be paid at closing.

3. **TAX DISCLAIMER & NO GIFT**. Seller hereby represents and warrants that (i) Seller has not relied upon any representation by or on behalf of the Conservancy concerning the tax consequences of this specific transaction; and (ii) Seller has been advised by the Conservancy to seek Seller's own professional advice regarding such tax consequences.

Seller does not consider this transaction to have a "bargain sale" component. Seller will not submit an IRS Form 8283 "Noncash Charitable Contributions" to the Conservancy in connection with this transaction.

4. **SURVEY**. The Conservancy may secure and deliver to the Seller and the Title Company (defined below) a survey of the Property by a registered or licensed land surveyor to determine the boundaries, legal description and acreage of the Property ("Survey"). The Survey shall be in a form acceptable to the Title Company to delete from a final title insurance policy the standard exception(s) routinely deleted based upon a survey of the insured Property and shall conform to survey requirements established by the State of Texas.

The Seller and the Conservancy shall each have the right to be present during the Survey. The final legal description prepared by the surveyor and accepted by the Seller, Conservancy, and the Title Company will be substituted for the property description and shall be attached to the deed. The cost of the Survey shall be the responsibility of the Conservancy. If the Seller and Conservancy cannot agree upon the Survey or the acreage to be utilized in calculating the purchase price, either party may terminate this Agreement, in which case the Option Consideration shall be refunded to the Conservancy.

5. **ASSIGNMENT**. This Option may only be assigned with approval from the Seller, which approval shall not be unreasonably withheld.

6. **CLOSING**. Closing will be on **August 31, 2012**, or as soon thereafter as the conditions for closing set forth in this Agreement have been met. In the event that the Conservancy does not receive the Title Commitment (defined below) and copies of exception documents within the time period specified herein, the Option Exercise Date and closing shall be extended one (1) day for each day any of said documents are past due. Closing will take place at the offices of **Yoakum County Abstract Co.**, 630 Cowboy Way, Plains, TX 79355, Tele. (806) 456-2615, is (the "Title Company") or such other place as the parties may mutually agree. Closing may be held in escrow through overnight delivery of closing documents to the Title Company or as otherwise agreed to by the parties.

7. **EVIDENCE OF TITLE**. On or before **June 1, 2012**, Seller shall, at Seller's sole cost and expense, provide to the Conservancy an owners title commitment (the "Commitment") binding the Title Company to issue at closing an owner's policy of title insurance (the "Title Policy"), in an amount equal to the purchase price together with legible copies of all exceptions and other matters shown thereon. The cost of the Title Policy and any additional endorsements thereto shall be the responsibility of the Conservancy.

8. **TITLE**. At closing, the Seller will convey good, insurable and marketable title to the Property together with all rights, hereditaments and appurtenances belonging to the Property (including insurable legal access, all water rights, all timber rights, and all government farm program crop bases and contract acres), to the Conservancy in fee simple, free and clear of all liens, encumbrances, restrictions, rights or exceptions except those of record that are acceptable to the Conservancy and the reservation by C. L. West of all of his respective interest in and to any oil, gas, and other minerals subject to a surface waiver. The Conservancy shall acquire all other mineral interests of Seller, including those of Janice Biggerstaff. Title shall also be sufficient for the issuance of any additional endorsements desired by the Conservancy; provided, however, that the Conservancy shall be responsible for the premium cost for such endorsements. The Seller shall not transfer or encumber any interest in the Property prior to closing.

9. **TITLE DEFECTS**. If for any reason the Seller cannot deliver title at closing as required by this Option, the Conservancy may elect to: a) accept the Property with title as it is, b) refuse to accept the Property in which case the Option Consideration shall be refunded to the Conservancy, or c) require the Seller to diligently pursue all reasonable efforts to correct the problem, including bringing any necessary quiet title actions or other lawsuits.

If an objection to title is based upon outstanding oil, gas or mineral leases, interests or reservations, the Conservancy may alternatively require the Seller to obtain such surface waiver or non-drilling agreements from the owner(s) of the outstanding interests as the Conservancy deems necessary to protect the Property for the Conservancy's intended uses. Without limitation, the Property shall not be considered to be in compliance with this Option's title requirements unless all structures and improvements, including any driveways and accessory structures, if any, are located within the lot lines of the Property and do not encroach upon or under any property not within such lot lines; and no building, structure, improvement or property of any kind encroaches upon or under the Property from other property.

10. **DOCUMENTS FOR CLOSING**. The Seller shall execute and deliver at closing a general warranty deed, evidence of Seller's authority to sell the Property satisfactory to the Conservancy and the Title Company, a FIRPTA Affidavit (as defined in the Seller's Representations and Warranties paragraph below), an owner's affidavit and/or other documents required by the Title Company to remove the standard title policy exceptions (including without limitation, the mechanic's and materialmen's liens exception and the "Rights of Parties in Possession" exception), and any other documents necessary to close in accordance with the terms of this Option and as may be required by the Title Company. These documents will be prepared at the expense of the Seller, except that the Conservancy agrees to prepare the deed.

11. **PROPERTY TAXES**. Any delinquent real estate taxes, all real estate taxes due in the year of closing and all levied assessments are the Seller's responsibility and shall be satisfied of record by the Seller at or before closing.

Any real estate taxes assessed against the portion of the Property in the year of closing, but which are not yet due and payable, will be prorated to the date of closing based upon the most recent available tax statements. Ad valorem taxes for the Property for the calendar year of Closing shall be prorated to the date of Closing – if the tax assessment for the calendar year of Closing is available, the Seller shall pay the full amount of such taxes prior to Closing and the Conservancy's pro rata portion shall be paid to Seller at closing; otherwise the Conservancy shall receive a credit against the purchase price for the Seller's pro rata portion of such taxes. The Seller's pro rata portion of such taxes shall be based upon taxes actually assessed and charged for the calendar year of Closing and shall not include any taxes accrued under agricultural or other special use exceptions. If, for any reason, ad valorem taxes for the calendar year of Closing have not been assessed on such portion of the Property, such proration shall be estimated based upon ad valorem taxes for the immediately preceding calendar year and an appropriate adjustment shall be made between the parties when the taxes of the calendar year of Closing are assessed.

Seller shall be responsible for ad valorem taxes on the Property for periods prior to the calendar year of Closing; provided, however, if Seller's change in the use of the Property prior to Closing or denial of a special use valuation results in the assessment of additional taxes regarding the Property for periods prior to Closing, Seller shall be responsible for the payment of such taxes. The obligations in this paragraph shall not merge with the Deed to be delivered hereunder but shall survive the Closing.

12. **MISCELLANEOUS CLOSING EXPENSES**. Closing fees shall be paid by the Conservancy, except that (i) Seller shall be responsible for any costs related to satisfying Schedule C of the Title Policy and any like-kind exchange, and (ii) each party will be responsible for its own attorney's fees.

13. **POSSESSION**. The Seller will deliver full possession of the Property to the Conservancy at closing.

14. **REMOVAL OF MATERIALS**. The Seller shall remove all personal property, rubbish, trash, and waste required to be removed by the Conservancy, if any, from the Property prior to closing. This provision shall expressly survive the Closing.

15. **PRESERVATION OF PROPERTY**. Seller agrees that the Property shall remain as it now is until closing, and that Seller will prevent and refrain from any use of the Property for any purpose or in any manner that would adversely affect the Conservancy's intended use of the Property. Specifically, but without limitation, Seller shall make no alterations to any improvements, timber resources, other vegetation, topography, wetlands or watercourses, or other natural resources.

In the event of any actions or adverse change in the condition of the Property, the Conservancy may elect to: a) refuse to accept the Property, in which case the Option Consideration shall be refunded to the Conservancy, b) accept the Property, or a portion thereof, in which case there may be an equitable adjustment of the purchase price based on the change in circumstances, or c) require restoration of the Property to its condition at the time this Option was granted.

16. **RIGHT OF ENTRY AND INSPECTION**. The Conservancy and their agents shall have the right to enter upon the Property at reasonable times for surveying, for conducting an environmental inspection and assessment to detect hazardous or toxic substances, for conducting an inspection of the buildings on the Property to determine the condition and performance of the buildings' condition, structure and systems, and for other reasonable purposes related to this transaction. Based upon the results of the environmental inspection and assessment and other inspections, the Conservancy may elect to: (a) refuse to accept the Property, in which case the Option Consideration shall be promptly refunded; (b) require the Seller to correct problems revealed by the inspections and/or assessments; or (c) pursue any other remedy available under this Option.

17. **SELLER'S REPRESENTATIONS AND WARRANTIES**. The Seller warrants and represents to the Conservancy the following matters and agrees to indemnify, defend and hold harmless the Conservancy from any loss or liability relating to these matters, with the intent that these representations, warranties and indemnities shall survive closing:

a. Title to the Property/Authority. The Seller is the sole legal owner of the Property in fee simple. The Property is not now subject to any written or oral lease, license, permit, option, agreement of sale, claim or legal proceeding except as set forth herein. There are no condemnation proceedings pending with regard to any portion of the Property, and Seller does not know of any proposed condemnation proceedings

involving the Property. Seller has the full power and authority to execute this Option and all agreements and documents referred to in this Option and to fully perform as required by this Option.

b. Condition of Property. The Seller is not aware of any facts that would adversely affect the Conservancy's intended uses of the Property.

c. Access. To the best of Seller's knowledge, the Property has, and shall have at closing, legal and physical access to a public road, that is insurable with title insurance.

d. Hazardous Substances. To the best of Seller's knowledge:

(i) There is no and has been no condition at, on, under or related to the Property presently or potentially posing a significant hazard to human health or the environment, whether or not in compliance with law;

(ii) There is no and has been no production, use, treatment, storage, transportation, or disposal of any Hazardous Substance (as defined below) on the Property;

(iii) There is no and has been no release or threatened release of any Hazardous Substance, pollutant or contaminant into, upon, or over the Property or into or upon ground or surface water at the Property or within the immediate vicinity of the Property;

(iv) There is not now and has never been any Hazardous Substance stored on the Property in underground tanks, pits, or ponds;

(v) The Property is not subject to any "superfund" or similar lien or any claim by any government regulatory agency or third party related to the release or threatened release of any Hazardous Substance.

The term "**Hazardous Substance(s)**" means any substance that is defined as a hazardous substance, hazardous material, hazardous waste, petroleum product, pollutant or contaminant under any environmental law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et. seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et. seq., the Clean Water Act, 42 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C., Section 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300(f) et seq., and any and all regulations promulgated thereunder, or any similar federal, state or local laws, ordinances or regulations adopted under these acts.

e. Tanks/Wells. There have not been and there are not now any underground or aboveground storage tanks, septic tanks or wells located on or under the Property, or if there have been or are any such tanks or wells located on the Property their location

has been identified to the Conservancy in writing, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release of any Hazardous Substance into the environment.

f. Non-foreign Status. To inform the Conservancy that withholding of tax is not required under § 1445(b)(2) of the Internal Revenue Code and regulations thereunder and under penalties of perjury, the Seller hereby certifies that the Seller is not a non-resident alien or a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined for purposes of federal income tax law. At closing, Seller agrees to deliver to the Conservancy an affidavit certifying Seller's non-foreign status, together with Seller's social security number/federal taxpayer identification number (**FIRPTA Affidavit**). The Seller consents to the delivery of such affidavit to the Conservancy, and understands that this certification may be disclosed to the Internal Revenue Service and that any false statement made could be punished by fines, imprisonment or both.

g. Broker's Claims. Neither the Conservancy nor the Seller has used a real estate agent or broker in connection with the sale of the Property.

h. Government Farm Programs. The Property is not enrolled in the Direct and Countercyclical Payment Program, the Conservation Reserve Program, the Wetland Reserve Program or any other program of the United States Department of Agriculture except: NONE. The Property is not subject to any government cost-share contracts or other agreements that restrict either the use of the Property or the modification of any improvements.

i. Conflict of Interest. In order to assist the Conservancy in identifying potential conflicts of interest, Seller has completed, signed and delivered to the Conservancy its disclosure form (the "Disclosure Form"). Seller warrants and represents to the Conservancy that the information in the Disclosure Form is, to the best of Seller's knowledge, true and correct. Seller shall promptly notify the Conservancy in writing if any change in circumstances occurs prior to closing that would change any response on the Disclosure Form. In the event that any answer on the Disclosure Form changes prior to closing, or in the event that any material misrepresentation or mis-statement in the Disclosure Form is discovered before closing, the Conservancy may elect to declare this Option null and void, in which case the Option Consideration shall be returned to the Conservancy.

18. CERTIFICATION REGARDING MATERIAL SUPPORT AND RESOURCES TO TERRORISTS.

A. Seller hereby certifies:

(1) Seller does not and will not engage in, advocate, commit, facilitate, or support any terrorist acts.

(2) Seller will take all reasonable steps to ensure that Seller does not and will not knowingly provide, material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated, or participated in terrorist acts.

(3) Before providing any material support or resources to an individual or entity, Seller will consider all information about that individual or entity of which it is aware or that is available to the public.

(4) Seller will implement reasonable monitoring and oversight procedures to safeguard against assistance being diverted to support terrorist activity.

B. For purposes of this Certification:

(1) "Material support and resources" means currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

(2) "Terrorist act" means: (a) an act prohibited pursuant to one of the 12 United Nations Conventions and Protocols related to terrorism (see UN terrorism conventions Internet site: http://untreaty.un.org/English/Terrorism.asp); or (b) an act of premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents; or (c) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

(3) "Entity" means a partnership, association, corporation, or other organization, group or subgroup.

C. In the event that any material misrepresentation in this Certification is discovered before closing, the Conservancy may elect to declare this Agreement null and void and immediately terminate it. In the case of an intentional material misrepresentation, the Conservancy may, at its option, recover damages resulting from the termination. Notice of termination shall be given to Seller at the address set forth under "Notices".

19. <u>REPRESENTATION BY LEGAL COUNSEL</u>. Seller acknowledges that the Conservancy has advised Seller to have Seller's attorney review this Option and all attached exhibits, and that the Conservancy is not acting on behalf of, or advising Seller in this transaction and Seller has not relied on any information or advice provided by Conservancy or its agents.

20. **REMEDIES.** In addition to any other remedy specifically set forth in this Option, the Conservancy has the right to enforce the provisions of this Option through an action for specific performance, injunctive relief, damages, contribution or any other available proceedings in law or equity. The election of any one remedy available under this Option shall not constitute a waiver of other available remedies.

21. **EXHIBITS.** The following exhibits are attached to and incorporated into this Option by this reference: Exhibit A – Legal Description.

22. **NOTICES.** Except as otherwise expressly set forth in this Agreement, all notices required to be given under this Option shall be deemed given upon the earlier of actual receipt or two days after being mailed by U.S. mail, or on the date of successful facsimile transmission (if received prior to 5:30 p.m. Central Time), addressed to:

Seller:

Mr. Clay West
2203 Fourth Ave North
Texas City, Texas 77590
Telephone Number: (409) 943-5807

Mrs. Janice W. Biggerstaff
16588 SW Matador Ln
Tigard, Oregon 97224
Telephone Number: (503) 624-0919

Conservancy:

The Nature Conservancy
Attn: Legal Department
200 E. Grayson St., Suite 202
San Antonio, Texas 78215
Telephone Number: (210) 224-8774
Fax Number: (210) 228-9805

With a Copy to:

The Nature Conservancy
Attn: Jeff Francell
318 Congress Avenue
Austin, TX 78701
Telephone Number: (512) 623-7250

or to such other addresses as the parties may designate in writing.

23. **No Waiver**. No provision of the Option shall be deemed amended or waived unless such amendment or waiver is set forth in a writing signed by the Conservancy. No act or failure to act by the Conservancy shall be deemed a waiver of its rights hereunder, and no waiver in any one circumstance or of any one provision shall be deemed a waiver in other circumstances or of other provisions.

24. **Holidays**. If any date set forth in this Option or computed pursuant to this Option falls on a Saturday, Sunday or national holiday, such date shall be deemed automatically amended to be the first business day following such weekend day or holiday.

25. **Attorneys' Fees**. In the event of any breach or default hereof by a party, the non-defaulting party shall be entitled to recover its costs and expenses of litigation and settlement, including, without limitation, attorneys' fees and expenses, court costs, settlement costs and experts' costs, and fees.

26. **Effective Date**. This Option becomes effective on the date of the last signature of Seller and the Conservancy.

27. **Complete Agreement; Counterparts**. This Option constitutes the sole and complete agreement between the parties and cannot be changed except by written amendment. No representation or promise not included in this Option or any written amendment shall be binding upon the parties. This Option may be executed in multiple counterparts, each of which taken together shall constitute a single instrument.

[Signature Page(s) to Follow]

Executed on the dates set forth below, to be effective as of the date of the last signature of Seller and the Conservancy.

SELLER:

C. L. West

Date: 05/19/12

Janice Biggerstaff

Date:

STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on the 19 day of MAY, 2012, by C. L. WEST.

DAVID MANN
MY COMMISSION EXPIRES
July 7, 2014

Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on the ____ day of _____, 2012, by JANICE BIGGERSTAFF.

Notary Public, State of Texas

Executed on the dates set forth below, to be effective as of the date of the last signature of Seller and the Conservancy.

SELLER:

_____
C. L. West

Date:_____

Janice Biggerstaff

Date: 5/16/12

STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2012, by C. L. WEST.

_____
Notary Public, State of Texas

STATE OF OREGON §
COUNTY OF Washington §

This instrument was acknowledged before me on the 16 day of May, 2012, by JANICE BIGGERSTAFF.

Notary Public, State of Oregon

OFFICIAL SEAL
ADRIANA M RODRIGUEZ
NOTARY PUBLIC - OREGON
COMMISSION NO. 467925
MY COMMISSION EXPIRES APRIL 25, 2016

THE NATURE CONSERVANCY

By: _____
Name: Laura Huffman
Title: Texas State Director

Date: 05/29/12

STATE OF TEXAS §
§
COUNTY OF Travis §

This instrument was acknowledged before me on the 29th day of May, 2012, by Laura Huffman, as Texas State Director of THE NATURE CONSERVANCY, in such capacity on behalf of said corporation.

ROSANNA SUTHERLAND
Notary Public, State of Texas
My Commission Expires
September 07, 2014

_____
Notary Public, State of Texas

TITLE COMPANY RECEIPT

YOAKUM COUNTY ABSTRACT COMPANY acknowledges receipt of this Option executed by Seller and the Conservancy and the Option Consideration of $1,000.00, this _____ day of _____, 2012, and agrees to hold same in accordance with the terms hereof.

BY: _____

NAME: _____
Escrow Officer

DATE: _____

Receipt Header (TPI)

New Receipt | Add To Receipt

Receipt	475586	Receipt Date	23-JAN-2013 14:13
Shipment		Shipped Date	
Packing Slip		Waybill/Airbill	
Freight Carrier		Bill of Lading	
Containers		Received By	BORREGO, DEBRA ANN
Supplier	THE NATURE CONSERVANCY		
Comments	payment on inv#1430263879; services thru Dec 2012		31

NOJC

The Nature Conservancy
Protecting nature. Preserving life.

316 Congress Avenue
Austin, TX 78701

tel [512] 623.7240
fax [512] 623.7239

nature.org/texas

April 4, 2012

Mrs. Susan Shelton
725 Rivercrest
Abilene, Texas 79605

Mrs. Jackie Batjer
1942 South Seventh Street
Abilene, Texas 79602

Dear Mrs. Shelton and Mrs. Batjer,

As you are aware, The Nature Conservancy has an interest in purchasing approximately 320 acres of land you own located in Yoakum County, Texas.

In compliance with Section 301 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, you are advised that The Nature Conservancy believes the fair market value of the property to be $315 per acre. This offer is based on appraisal information obtained from Clint Bumguardner, a state certified real estate appraiser with West Texas Appraisal, Incorporated.

The Nature Conservancy is unable to acquire the property if negotiations between you and the Conservancy fail to result in an amicable and mutually satisfactory agreement on the terms of the purchase.

You may contact me at the address and telephone number listed above for answer to any questions you may have.

Sincerely,

Jeff Francell
Director of Land Protection

Received:

_____
Mrs. Susan Shelton

Mrs Jackie Batjer
Mrs. Jackie Batjer

The Nature Conservancy
Protecting nature. Preserving life.™

318 Congress Avenue
Austin, TX 78701

tel (512) 623.7240
fax (512) 623.7239

nature.org/texas

April 4, 2012

Mrs. Janice Biggerstaff
16588 SW Matador Lane
Tigard, OR 97224

Mr. C.L. West
2203 4th Avenue N
Texas City, TX 77590-7262

Dear Mrs. Biggerstaff and Mr. West:

As you are aware, The Nature Conservancy has an interest in purchasing approximately 160 acres of land you own located in Yoakum County, Texas.

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Janice W. Biggerstaff
Mrs. Janice Biggerstaff

Mr. C.L. West

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Director of Land Protection

Received:

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Mrs. Janice L. West
C.L. West

Mr. C.L. West

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Sincerely,

Jeff Francell
Director of Land Protection

Received:

Susan Shelton
Mrs. Susan Shelton

_____
Mrs. Jackie Batjer