
CITY COUNCIL AGENDA

Notice is hereby given that the Rockport City Council will hold a regular meeting on Tuesday, November 17, 2015, at 6:30 p.m. The meeting will be held at Rockport City Hall, 622 E. Market, Rockport, Texas. The matters to be discussed and acted upon are as follows:

Opening Agenda

1. Call meeting to order.
2. Pledge of Allegiance.
3. Presentation: Designation of Master Municipal Clerk – City Secretary Teresa Valdez.

4. Citizens to be heard.

At this time, comments will be taken from the audience on any subject matter that is not on the agenda. To address the Council, please sign the speaker's card located on the table outside the Council Chamber and deliver to the City Secretary before the meeting begins. Please limit comments to three (3) minutes. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda.

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

5. Deliberate and act on approval of City Council Regular Meeting Minutes of October 27, 2015.
6. Deliberate and act to appoint members to the YMCA Development Committee.
7. Deliberate and act on request from Constal Conservation Association Texas for use of the festival site on May 10-14, 2016, for the 17th Annual Babes on the Bay fishing tournament.

Public Hearing

8. Conduct a Public Hearing to review performance and obtain comments regarding City of Rockport's 2013 Texas Community Development Block Grant Program Contract 713411 – West Terrace and Doughty Area Water Improvement project.
9. Conduct a Public Hearing on an application from Hurd Enterprises, Ltd. for a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport.

Regular Agenda

10. Deliberate and act on an application from Hurd Enterprises, Ltd. for a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport.

11. Hear, deliberate and act on a presentation from Cheniere regarding area needs, traffic & site construction status, and project updates.
12. Deliberate and act on contract with Lockwood, Andrews, & Newnam Engineering to assist with floodplain management initiatives and the National Flood Insurance Program's Community Rating System.
13. Hear and deliberate on presentation from Aransas First on Bent Oaks Conservancy contributions.
14. Deliberate and act on the purchase of trolley buses.
15. Reports from Council.
At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas Pathways Steering Committee; Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Environmental Committee for Water Issues; Parks & Leisure Services Advisory Board; Planning & Zoning Commission; Rockport Heritage District Board; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Project Committee; Texas Maritime Museum, Fulton Mansion, Rockport Center for the Arts, Aransas County, Aransas County Independent School District, Aransas County Navigation District, Town of Fulton, and Texas Municipal League. No formal action can be taken on these items at this time.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

16. Section 551.071(1)(A) Consultation with Attorney on pending or contemplated litigation: a) Aumada, b) Templeton, c) Pena/Dack, and d) Bay Education Center.
17. Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
18. Section 551.072 Deliberation regarding real property - deliberate the purchase, exchange, lease, or value of real property: a) 412 N Live Oak St., b) 1501 and 1505 Broadway, c) Project Barn Owl, and d) Project Painted Bunting.
19. Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.
20. Section 551.074 Personnel Matters – City Secretary.

Open Session

21. City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

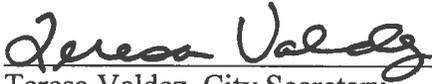
22. Adjournment.

Special Accommodations

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at (361) 729-2213, ext. 225 or FAX (361) 790-5966 or email citysec@cityofrockport.com for further information. Braille is not available. The City of Rockport reserves the right to convene into executive session under Government Code §§ 551.071-551.074 and 551.086.

Certification

I certify that the above notice of meeting was posted on the bulletin board at City Hall, 622 E. Market Street, Rockport, Texas on Friday, November 13, 2015, by 5:00 p.m. and on the City's website at www.cityofrockport.com. I further certify that the following News Media were properly notified of this meeting as stated above: *The Rockport Pilot*, *Coastal Bend Herald*, and *Corpus Christi Caller Times*.



Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 3

Presentation: Designation of Master Municipal Clerk – City Secretary Teresa Valdez.

SUBMITTED BY: Mayor Charles J. Wax

APPROVED FOR AGENDA: PKC

BACKGROUND: The International Institute of Municipal Clerks (IIMC) has a program of professional certifications intended to increase the development of its members through continuing education. IIMC's professional designation programs, the Certified Municipal Clerk (CMC) and the Master Municipal Clerk (MMC) are designed to raise the standards of the Municipal Clerk profession and provide the opportunity for further recognition by governmental authorities and the public. The MMC is the second of the two professional designations offered by IIMC. To qualify for entrance into the MMC program, an applicant must have already earned the CMC designation. On November 4, 2015, City Secretary Teresa Valdez received notice that she has been awarded the MMC designation. Ms. Valdez is one of approximately 25 in the state of Texas to receive this designation.

Please see the accompanying November 4 letter and certificate.

FISCAL ANALYSIS: N/A

RECOMMENDATION: N/A



International Institute of Municipal Clerks
Professionalism in Local Government

November 4, 2015

Dear Teresa Valdez, MMC:

On behalf of the Board of Directors, it is my pleasure to inform you that you have been awarded the International Institute of Municipal Clerks' designation of Master Municipal Clerk. Included in this package is your hard-earned MMC certificate, as well as your MMC lapel pin. We know you will wear it proudly.

IIMC grants the MMC designation only to those Municipal Clerks who complete demanding education requirements; and who have a record of significant contributions to their local government, their community and state.

In light of the speed and drastic nature of change these days, lifelong learning is not only desirable, it is necessary for all in local government to keep pace with growing demands and changing needs of the citizens we serve. We applaud your educational accomplishments and achievement of this milestone and congratulate you on your personal pursuit of professional excellence.

Sincerely,

Monica Martinez Simmons, MMC
IIMC President



Hereby Confers The Designation of

**Master
Municipal
Clerk**

Upon

Teresa Valdez, MMC

In Fulfillment Of Requirements Prescribed By The
International Institute Of Municipal Clerks.

Certified This 4 Day Of November A.D. 2015

Ann H. Simms

IIMC President

Jane Anne Song

IIMC Director of Education

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 5

Deliberate and act on approval of City Council Regular Meeting Minutes of October 27, 2015.

SUBMITTED BY: City Secretary Teresa Valdez

APPROVED FOR AGENDA: PKC

BACKGROUND: Please see the accompanying minutes of the Regular Meeting of October 27, 2015.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends Council approve the Minutes, as presented.

CITY OF ROCKPORT

MINUTES

CITY COUNCIL REGULAR MEETING 6:30 p.m., Tuesday, October 27, 2015 Rockport City Hall, 622 East Market Street

On the 27th day of October 2015, the City Council of the City of Rockport, Aransas County, Texas, convened in Regular Session at 6:30 p.m., at the regular meeting place in City Hall, and notice of meeting giving time, place, date and subject was posted as described in V.T.C.A., Government Code § 551.041.

CITY COUNCIL MEMBERS PRESENT

Mayor Pro-Tem Pat Rios, Ward 3
Council Member Rusty Day, Ward 1
Council Member J. D. Villa, Ward 2
Council Member Barbara Gurtner, Ward 4

CITY COUNCIL MEMBER(S) ABSENT

Mayor Charles J. Wax

STAFF MEMBERS PRESENT

City Manager Kevin Carruth
City Attorney Terry Baiamonte
City Secretary Teresa Valdez
Police Chief Tim Jayroe
Public Works Director Mike Donoho
Park Maintenance Supervisor Rick Martinez
Community Planner Kimberly Clark

ELECTED OFFICIALS

Opening Agenda

1. Call to Order.

With a quorum of the Council Members present, the Regular Meeting of the Rockport City Council was called to order by Mayor Pro-Tem Rios at 6:30 p.m. on Tuesday, October 27, 2015, in the Council Chambers of the Rockport City Hall, 622 E. Market Street, Rockport, Texas.

2. Pledge of Allegiance.

Council Member Day led the Pledge of Allegiance to the U.S. flag.

3. Proclamation: Arbor Day – Friday, November 6, 2015.

Mayor Pro-Tem Rios proclaimed Friday, November 6, 2015, as Arbor Day in Rockport, Texas. Mayor Pro-Tem Rios presented the Proclamation to Park Maintenance Supervisor Rick Martinez.

4. Citizens to be heard.

At this time comments will be taken from the audience on any subject matter that is not on the agenda. To address the Council, please sign the speaker's card located on the table outside the Council Chamber and deliver to the City Secretary before the meeting begins. Please limit comments to three (3) minutes. In accordance with the Open Meetings Act, Council may not discuss or take any action on any item that has not been posted on the agenda.

Justin Roberts addressed the Council. Mr. Roberts made the following comment: "To respectfully request on behalf of my client Eling Properties, or otherwise known as Eling Corporation, to be placed on the agenda for the next meeting their sign issue. We would like to not delay this matter any further and would love to work with the City of Rockport in order to come to a reasonable solution for the sign issue as opposed to resorting to our options available by law."

Consent Agenda

All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

- 5. Deliberate and act on approval of City Council Regular Meeting Minutes of October 13, 2015.**
- 6. Deliberate and act to appoint members to the Park and Leisure Services Advisory Board, Rockport Zoning Board of Adjustment, and YMCA Development Committee.**
- 7. Deliberate and act on rescheduling both the Council Regular Meeting of November 10, 2015, and Council Workshop Meeting of November 24, 2015, to November 17, 2015.**

Mayor Pro-Tem Rios called for requests to remove any item from the Consent Agenda for separate discussion. There being no requests, Mayor Pro-Tem Rios called for a motion.

MOTION: Council Member Villa moved to adopt the Consent Agenda Items as presented. Council Member Gurtner seconded the motion. Motion carried unanimously.

Regular Agenda

- 8. Hear, deliberate and act to accept the Utility Bill Surcharge Fund Disbursement Report, Annual Reports from Fulton, Lamar and Rockport Volunteer Fire Departments, and authorize disbursement of funds.**

City Manager Kevin Carruth stated the City water bills have a \$1.00 donation option once a month that goes toward the fire departments. Mr. Carruth reported collections for Fiscal Year 2014-2015 were \$175,709.69, of which the City retains 5% annually as an administrative fee, with the balance of the fund being disbursed to the Fire Departments.

Mayor Pro-Tem Rios presented a check in the amount of \$37,591.32 to the Fulton Volunteer Fire Department.

Mayor Pro-Tem Rios presented a check in the amount of \$3,483.69 to the Lamar Volunteer Fire Department.

Mayor Pro-Tem Rios presented a check in the amount of \$89,824.83 to the Rockport Volunteer Fire Department.

9. Deliberate and act on approval of a change order to the construction contract for the South Rockport Drainage Improvements Phase 2.

Public Works Director Mike Donoho addressed the Council. Mr. Donoho stated that on January 27, 2015, Council awarded a construction contract to J.J. Fox Construction in the amount of \$803,415.00 for the second phase of drainage improvement in South Rockport, funded through the DRS 2.2 grant. Mr. Donoho listed the street segments where the drainage improvements will be made: 1) King Street, from Kossuth to Fuqua; 2) Lamar Street, from Kossuth to Bronte; 3) Corpus Christi Street, from Kossuth to Bronte; 4) First Street, from Verne to Bronte; 5) Second Street, from Kossuth to Bronte; 6) Third Street, from Kossuth to Bronte; 7) Verne Street, from King to Third; 8) Fuqua Street, from King to Third; and 9) Bronte Street, from Lamar to Third. Mr. Donoho said the original construction plans called for open ditches in the area of the west side of Fuqua Street from Second Street to Third Street, the north side of Second Street from Fuqua Street to Verne Street, and the south side of First Street from Fuqua Street to Verne Street. Mr. Donoho informed the Council that due to the construction contract coming in under budget and deletion of 9,234 square feet of concrete lining in the original proposed open ditches, there are sufficient funds in the grant award to allow the contractor to replace some of the deeper and steeper open ditches with underground pipe without exceeding the grant total. Mr. Donoho added that the change order also calls for addition of 30 working days to the construction schedule to accommodate the revised scope of work. Mr. Donoho stated the original contract was for \$803,415.00 but the change order will be to the full amount of construction funds awarded in the grant in the amount of \$831,250.00. Mr. Donoho recommended Council approve the change order in the amount of \$27,835.00 to allow the continuous piping of the proposed ditches and increasing the construction schedule by 30 working days.

Discussion was held among Council and Mr. Donoho.

MOTION: Council Member Villa moved to approve the change order to the construction contract for the South Rockport Drainage Improvements Phase 2. Council Member Day seconded the motion. Motion carried unanimously.

10. Deliberate and act on a resolution expressing official intent to reimburse costs incurred for acquisition of land primarily for municipal park purposes.

City Manager Kevin Carruth stated that on September 15, 2015, Council authorized the purchase of 8.856 acres between Highway 35 Business and Broadway at the intersection of Maple Street with funding via a certificate of obligation. Mr. Carruth said the proposed resolution will allow for reimbursement of project costs expended prior to funding of the debt issue in February 2016.

MOTION: Council Member Day moved to adopt the Resolution expressing official intent to reimburse costs incurred for acquisition of land primarily for municipal park purposes. Council Member Villa seconded the motion. Motion carried unanimously.

11. Reports from Council.

At this time, the City Council will report/update on all committee assignments, which may include the following: Aransas Pathways Steering Committee, Building and Standards Commission; Coastal Bend Bays and Estuaries Program; Coastal Bend Council of Government; Environmental Committee for Water Issues; Keep Rockport Beautiful Advisory Board; Parks & Leisure Services Advisory Board; Planning Zoning Commission; Rockport Heritage Board; Rockport-Fulton Chamber of Commerce; Aransas County Storm Water Management Advisory Committee; Swimming Pool Operations Advisory Committee; Tourism Development Council; Tree & Landscape Committee; YMCA Project Committee; Texas Maritime Museum; Fulton Mansion; Rockport Center for the Arts; Aransas County; Aransas County Independent School District; Aransas County Navigation District; Town of Fulton; and Texas Municipal League. No formal action can be taken on these items at this time.

Mayor Pro-Tem Rios stated five individuals had volunteered to serve on the YMCA Development Committee and they will have their first meeting in the next week or so. Mayor Pro-Tem Rios said that 1-2 more citizens will be added to the Committee.

Council Member Villa informed the Council that the Leadership Aransas County Alumni will be conducting a trash pickup on Saturday, October 31, 2015, from 8:00 a.m. until 11:00 a.m., weather permitting. Council Member Villa added that they will meet in the parking lot behind the Chamber of Commerce office. Council Member Villa encouraged participation.

Executive Session

City Council will hold an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

- 12. Section 551.071(1)(A) Consultation with Attorney on pending or contemplated litigation: a) Aumada, and b) Bay Education Center.**
- 13. Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.**
- 14. Section 551.072 Deliberation about Real Property: Acquisition of property for public purpose: a) 412 N. Live Oak Street, and b) 1501 and 1505 Broadway.**
- 15. Section 551.074 Personnel Matters – City Secretary.**
- 16. Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.**

At 6:49 p.m., Mayor Pro-Tem Rios convened the Rockport City Council into an executive session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.071910(A) Consultation with Attorney on pending or contemplated litigation: a) Aumada, and b) Bay Education Center; Section 551.071(2) Consultation with Attorney on a matter in which the duty of the attorney to the governmental

body under the Texas Disciplinary Rule of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter; Section 551.072 Deliberation about Real Property: Acquisition of property for public purpose: a) 412 N. Live Oak Street, and b) 1501 and 1505 Broadway; Section 551.074 Personnel Matters – City Secretary; and Section 551.087 Deliberation Regarding Economic Development Negotiations: Project Cardinal.

Open Session

17. City Council will reconvene into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any actions necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

At 7:48 p.m., Mayor Pro-Tem Rios reconvened the Rockport City Council into open session pursuant to the provisions of Chapter 551 of the Texas Government Code to take any necessary actions related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items.

18. Adjournment

At 7:49 p.m., Council Member Villa moved to adjourn. Motion was seconded by Council Member Gurtner and carried unanimously.

APPROVED:

Charles J. Wax, Mayor

ATTEST:

Teresa Valdez, City Secretary

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 6

Deliberate and act to appoint members to the YMCA Development Committee.

SUBMITTED BY: Mayor Charles J. Wax

APPROVED FOR AGENDA: PKC

BACKGROUND: The YMCA Ad Hoc Project Committee gave a final presentation to the Council on July 14, 2015, and addressed the Committee's charge from the Council to determine: scope of services, facility design, construction estimates, estimates of operating & maintenance costs, management agreement with YMCA of the Coastal Bend, and project funding plan. The next step in the process was to form a smaller committee of five to seven members to develop specific plans of action for the project. At the July 28, 2015 Council meeting, Council voted to establish a YMCA Development Committee consisting of approximately seven members. On October 27, 2015, Council appointed five members to the YMCA Development Committee. Since that time, one member has notified Mayor Wax that he is unavailable to serve, and two others have agreed to serve, Rebecca Johnson and Warren Hassinger.

YMCA Development Committee

Place	Member
1	Yvonne Perez
2	Eric Heller
3	Jordan Fisher
4	Brian Olsen
5	Rebecca Johnson (previously Glen Gomez)
6	Warren Hassinger
7	<i>Vacant</i>

FISCAL ANALYSIS: N/A

STAFF RECOMMENDATION: Staff recommends appointment of Rebecca Johnson and Warren Hassinger to the YMCA Development Committee, as presented.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 7

Deliberate and act on request from Coastal Conservation Association Texas for use of the festival site on May 10-14, 2016, for the 17th Annual Babes on the Bay fishing tournament, and authorization to sell alcohol during the event.

SUBMITTED BY: City Secretary Teresa Valdez

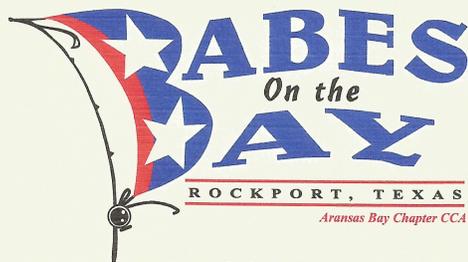
APPROVED FOR AGENDA: PKC

BACKGROUND: The City approves all use of the festival site pursuant to Aransas County Navigation District Festival Site Policy. The Policy requires General Liability Insurance coverage naming the City of Rockport as additional insured and provision of proof of said coverage. The Certificate of Liability Insurance is to be provided prior to the event. The request also includes approval of the selling of alcohol during the event.

Please see the accompanying November 4, 2015, request letter.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Staff recommends City Council approve the request from Coastal Conservation Association Texas for use of the festival site on May 10-14, 2016, for the 17th Annual Babes on the Bay fishing tournament, as well as approval of the selling of alcohol during the event, as presented.



CCA Texas
1919 Hwy 35 N
Rockport, Texas 78382

4 November 2015

City of Rockport
Diana Leonard
622 East Market
Rockport, TX 78382

Dear Diana,

Would you please direct this request to the proper city officials for a decision?

The seventeenth annual Babes on the Bay fishing tournament is scheduled for May 13th and 14th, 2016. We would like to use the grounds where the Sea Fair is held each year in Rockport, Texas for the Friday night kick-off and Saturday weigh in events. This would require us to have access to the grounds for tent set-up on Tuesday, May 10th.

The fishing begins on Saturday, May 14th. Friday, preceding the event, we will have a kickoff/registration meeting with all the participants. After weigh-in on Saturday afternoon (monitored by Texas Parks and Wildlife game wardens), the winners will be announced and the event will end.

Thanks for taking your time to consider the Babes on the Bay tournament as a creditable event to be held on the Navigation District property. By request of TBAC, in your response back, would you kindly acknowledge that we will be serving alcohol during the event.

Cordially,

Karol Scardino
Tournament Director

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 8

Conduct a Public Hearing to review performance and obtain comments regarding City of Rockport's 2013 Texas Community Development Block Grant Program Contract 713411 – West Terrace and Doughty Area Water Improvement project.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: On October 28, 2014 council awarded a construction contract under Texas Community Development Block Grant Program Contract 713411 in the amount of \$261,314.00 to ADK Environmental for improvements to provide first time water service to parts of the West Terrace Subdivision as well as parts of Doughty and Terry Streets. A subsequent review of the project scope revealed an opportunity to add an additional 11 connections to the scope of work and still remain within the available funding. A May 26, 2015, change order increased the contract amount awarded by \$16,572 from \$261,314.00 to \$277,886.00 and allowed the City to use the maximum amount of construction dollars that were awarded by the Grant Program by installing a portion of the additive alternate waterline on Raven Street as well as the reconnection of 11 homes on South Doughty that were previously on undersized water mains. The City's match requirement was \$65,000.

The Texas Community Development Block Grant Program Contract 713411 - West Terrace and Doughty Area Water Improvements is closing out. As part of this process, the State requires that the City conduct a final public hearing. This hearing is intended to give the public a chance to comment on the project.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Not an action item.

**PLEASE RUN IN CLASSIFIED/LEGALS AS A STANDARD PUBLIC NOTICE
ONE TIME ONLY
(DATE BELOW)**

Questions? Contact Bobby Holz at 512-420-0303 ext 330

AD STARTS HERE

PUBLIC NOTICE
COMMUNITY DEVELOPMENT BLOCK GRANT

City of Rockport invites all citizens to a public hearing at 6:30 p.m. on November 17th, at the City Hall, 622 East Market Street, Rockport, TX 78382 to review performance and obtain comments regarding its 2013 Texas CDBG Program Community Development Contract 713411. Disabled persons or those who require auxiliary aids or services who wish to attend this meeting should contact at (361) 729-2213 at least two days before the meeting to make arrangements..

AD ENDS HERE

PRINT IN CLASSIFIED/LEGALS AS A STANDARD PUBLIC NOTICE

Run Date	Saturday, November 14th, 2015
Newspaper	<i>Rockport Pilot</i>
Phone	(361) 729-9900
Fax	(361) 729-8903
Email	classifieds@rockportpilot.com ALL ADS 2 coROCKPORT
Billing to	GrantWorks, Inc.
Please send tearsheets with publisher's affidavit ASAP to	Bobby Holz GrantWorks 2201 Northland Austin TX 78756
Questions call	(512) 420-0303.330
Due at Paper	Monday @ 12PM & Wednesday @ 5PM

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 9

Conduct a Public Hearing on an application from Hurd Enterprises, Ltd. For a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: On October 12, 2015, staff became aware of a drilling site on Airport Road and on the south side of the Aransas County Airport. Further investigation revealed that site preparations were complete and drilling commenced on October 16, 2015, without a required permit from the City (Code of Ordinances Sec. 62-37). The permit was received on October 26 and the required public hearing set for November 17. Please see the accompanying permit application for detailed information.

FISCAL ANALYSIS: The required \$300 permit fee has been received.

RECOMMENDATION: Not an action item.

November 2, 2015

Notice of and Hearing on Application - Hurd Enterprises, Ltd., Aransas County Airport (ACA) No. 1

Notice is hereby given that Hurd Enterprises, Ltd., acting und and pursuant to the terms and provisions of Chapter 62 of the Code of Ordinances, City of Rockport, Texas, did, on the 26th day of October 2015, file with the City Secretary of the City of Rockport an application for a permit to drill a well for oil or gas upon a 488 acre tract of land that is a part of the Aransas County Airport located in Rockport, Texas, shown on the plat attached hereto. A hearing upon such application will be held in the Chamber of the City Council at the City Hall of the City of Rockport, Texas on November 17th, 2015, at 6:30 PM.

Sincerely,

Hurd Enterprises Ltd.



John T. Hagy
Land Manager

ARTICLE II. OIL AND GAS WELLS*

🌐 DIVISION 1. GENERALLY

🌐 **Sec. 62-26. Drilling within 2,000 feet of shoreline.**

It shall be unlawful for any person to drill, or commence to drill, any well for oil or gas within 2,000 feet of the shoreline, mean low tide, in any bay area within the corporate limits of the city.

(Code 1972, § 14-1)

🌐 **Secs. 62-27—62-35. Reserved.**

🌐 DIVISION 2. PERMIT*

🌐 **Sec. 62-36. Applicability.**

The provisions of this division shall be applicable to all drilling within bay areas within the corporate city limits.

(Code 1972, § 14-10)

🌐 **Sec. 62-37. Required; exceptions.**

(a) It shall be unlawful for any person to drill or commence to drill a well for oil or gas within the limits of the city, or to work upon or assist in any way in the prosecution of the drilling of any such well, unless a permit for the drilling, completion and operation of such well has first been issued by authority of the city council in accordance with the provisions of this division.

(b) Nothing contained in this division shall be interpreted to require a permit for the reworking, deepening or plugging back of any well or completing any well for the sole purpose of injection of water, gas or other substances.

(c) If an emergency arises in the course of conducting his operations which, in the good faith opinion of the permittee, constitutes a serious hazard to life and property, the permittee may undertake such emergency operations as he deems necessary under the circumstances without first obtaining a permit, such emergency action to include, without limitation, the drilling of a relief well, or other emergency operations. Such emergency operations shall not be considered as a violation of this article or any other ordinance of the city. Within 24 hours after the commencement of any such emergency operations, the permittee shall notify the city secretary that such operations have been commenced, and as soon as practicable, but in any event within seven days, the permittee shall file a written report with the city secretary setting forth a summary of the emergency and the actions taken by the permittee to combat it.

(Code 1972, § 14-11)

 **Sec. 62-38. Application generally.**

(a) An application for a permit to drill, complete and operate a well for oil or gas shall be in writing and shall be signed by the applicant or by some person duly authorized to sign on his behalf. The application shall be filed with the city secretary.

(b) Each application for a permit under this article shall state the particular lot and location where the proposed oil or gas well is to be located, and shall have attached to it a description of the oil and gas leases or drilling contracts with the owners of land covering the lots, blocks or tracts in the drilling unit over which the applicant has control of oil rights or gas rights, to the end that the application will show what proportion and what parts of the land the applicant owns in fee or holds under lease or drilling contract from the owners. The application shall also be accompanied by a plat or map showing the designation of the lots, blocks or tracts owned or controlled by the applicant and showing the proposed site of the well.

(Code 1972, § 14-12)

 **Sec. 62-39. Required interest of applicant in land.**

No permit shall be granted or issued under this division for the drilling of a well, except upon ground owned by the applicant or held by him under an oil and gas lease or drilling contract from the owner, giving the owner's permission or authority to drill a well thereon.

(Code 1972, § 14-13)

 **Sec. 62-40. Fee.**

The fee for a permit required by this division shall be \$300.00, which fee shall be paid, in cash, at the time the permit application is filed.

(Code 1972, § 14-14)

 **Sec. 62-41. Notice of and hearing on application.**

(a) Upon the filing of an application for a permit under this article, the city secretary shall set a date for a hearing on the application. Notice of the filing of such application shall be given by the applicant as follows: At least ten days prior to the date of hearing on the application, a copy of the notice, in the form prescribed, shall be sent by registered mail to each owner and lessee of lots, blocks and tracts in the drilling unit not owned by or under lease to the applicant, addressed to the last known address of such land and lease owners, if known to the applicant. A copy of such notice shall likewise be posted at three public places in the city at least ten days prior to the date of such

hearing. Such notice shall state the lot and block number (or otherwise adequately identify the premises) on which the applicant is asking for a permit to drill and the date and place of hearing, and shall be in words and figures as follows:

"Notice is hereby given that _____, acting under and pursuant to the terms and provisions of Chapter 62 of the Code of Ordinances, City of Rockport, Texas, did, on the _____ day of _____ / _____ / _____, 19_____, file with the City Secretary of the City of Rockport an application for a permit to drill a well for oil or gas upon Lot No. _____, Block No. _____, _____, Rockport, Texas, in (Oil) (Gas) Unit shown on plat attached hereto. A hearing upon such application will be held in the Chamber of the City Council at the City Hall of the City of Rockport, Texas, on the _____ day of _____ / _____ / _____, 19_____, at _____ M."

(b) Proof of notice shall be made by the applicant by filing with the city secretary an affidavit containing a copy of the notice and stating the date on which such notice was posted at three public places in the city, and an affidavit of the applicant showing the date and persons to whom and the addresses to which the notice was mailed by the applicant.

(c) At the time fixed in the notice, a hearing on such application shall be held by the city council in the council chamber of the city hall.

(Code 1972, § 14-15)

 **Sec. 62-42. Refusal or issuance generally.**

The city council shall have the power, and reserves the authority, to refuse any application for a permit under this division when, by reason of the location of the proposed well and the character and value of the permanent improvements already erected on the drilling unit in question or adjacent thereto, and the use to which the land and surroundings are adapted for civic purposes, or for sanitary reasons, the drilling of an oil or gas well will be a serious disadvantage to either the health, safety, morals or welfare of the city and its inhabitants. When a permit is refused for any of these reasons, but not otherwise, the fee paid by the applicant shall be returned to him. Except as hereinbefore provided, if an applicant is found by the city council to comply in all respects with the terms of this article and other applicable ordinances of the city, the city secretary shall issue a permit for the drilling, completion and operation of the well applied for.

(Code 1972, § 14-16)

 **Sec. 62-43. Prescribed conditions, standards to be included in permit.**

(a) Whenever it is determined by the city council that a permit applied for under this division should be issued, the council shall prescribe the conditions and standards under which the proposed

well is to be drilled and operated. Such conditions and standards shall include insurance and bonding requirements for the permittee, safety rules and regulations to be followed by the permittee, and any other requirements which the council feels should be met in order to protect the health, safety and general welfare of the city and its inhabitants.

(b) The conditions and standards prescribed by the council under subsection (a) of this section shall be set out, at length, in the permit issued. Acceptance of the permit shall constitute acceptance of such conditions and standards by the permittee.

(Code 1972, § 14-17)

 **Sec. 62-44. Violation of terms or conditions.**

It shall be unlawful for any person to whom a permit is issued under this article, or any person acting on his behalf or as his agent, servant or employee, to violate or fail or refuse to comply with the terms and conditions prescribed in the permit.

(Code 1972, § 14-18)

 **Sec. 62-45. Effect of issuance with respect to zoning ordinance and building regulations.**

It is hereby determined by the council that any well structure, facility or installation regulated by this article shall, if permitted by a permit duly issued and subsisting under this article, in no wise be considered in violation of the zoning ordinance of the city, or to require compliance with the building regulations.

(Code 1972, § 14-19)

Cross reference—Buildings and building regulations, [ch. 22](#); zoning, [ch. 118](#).

 **Sec. 62-46. Termination.**

A permit issued under this division shall terminate and become inoperative without any action on the part of the city council unless, within 180 days from the date of issuance, actual operations for drilling of the well are commenced.

(Code 1972, § 14-20)

 **Sec. 62-47. Revocation.**

A permit issued under this division may be revoked by the city council whenever any condition or standard prescribed by the permit is violated or whenever, after a public hearing, the council determines that continued operations under such permit would be detrimental to the health, safety or general welfare of the city or its inhabitants.

(Code 1972, § 14-21)

 **Secs. 62-48—62-59. Reserved.**

 **ARTICLE III. OIL AND GAS EXPLORATION**

 **Sec. 62-60. Definitions.**

Unless the context clearly indicates otherwise, the words and terms used in this article shall have the same meaning as defined in title 31, Texas Administrative Code, section 9.4, as amended.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-61. Penalties for exploration without permit.**

(a) *Criminal.*

(1) It shall be unlawful for any operator to conduct geophysical or geochemical oil and gas exploration within the city limits of the city in violation of the provisions of this article.

(2) Each such person shall be deemed guilty of a separate offense for each and every day or portion thereof during which any violation of any of the provisions of this article is committed or continued, and upon conviction of any such violation such person shall be punished by a fine of up to \$500.00.

(b) *Civil.* The city may file a civil action in the district court seeking an injunction and civil penalties of up to \$1,000.00 per day for each and every day or portion thereof during which any violation of any of the provisions of this article is committed or continued.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-62. Permit required/procedures.**

(a) Geophysical or geochemical exploration may not be conducted within the city limits without a permit issued by the city council.

(b) Permits shall be issued jointly to, and are the mutual responsibility of, the client and the operator. Permits shall not be transferred or assigned.

(c) Application for a permit shall be made by the operator. The application shall include the following:

- (1) The name, address, phone numbers, and taxpayer ID numbers of the client and the operator. If an applicant is a corporation, it shall include the names of the corporate representatives authorized to execute legal documents;
 - (2) Maps showing the location of shot lines;
 - (3) A complete description of the number and spacing of shots, the size of charge per shot, and a description of the energy source to be used during exploration activities.
- (d) Applications must be received by the city at least 14 working days before proposed commencement of operations. The application processing period may extend beyond this time period. Operations, including surveying of the area, shall not begin until operator receives written approval by the city.
- (e) The application shall be accompanied by a fee of \$250.00.
- (f) Prior to the issuance of a permit, applicant may be required to submit additional information.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-63. Liability insurance.**

Prior to the issuance of a permit, applicant shall file with the city proof of current liability insurance from a company approved by the Texas Board of Insurance or alternatively such other evidence as may reasonably be required by the city to establish the applicant's financial ability to self-insure against potential liability. The extent of the insurance coverage shall be in the amount deemed sufficient by the city.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-64. Exploration restrictions/precautions.**

- (a) Permits shall be granted for a maximum of 30 days. A permit may be extended for a maximum of an additional 30 days at the discretion of the city council and upon payment of the additional permit fee.
- (b) City may require special conditions to be met before issuance of permit, and to be reimbursed regarding any cost incurred by the city to enforce compliance with such special conditions. Failure to comply with any conditions included in the permit shall be considered a violation as specified in section 62-66 of this article.
- (c) The client or operator shall give verbal notice to the city prior to commencement it's operations.

(d) Geophysical crews operating within the city limits of the city shall have the following items in their possession and available for inspection at the project site by a designated representative of the city, upon request:

- (1) A copy of the seismic permit, including any special conditions imposed by the city;
- (2) A copy of city's rules governing geophysical and geochemical exploration; and
- (3) Detailed maps showing the approved shot lines and shot points covered by the permit.

(e) No high-velocity shots may be used within the city limits.

(f) No shots shall be discharged other than in daylight hours.

(g) No shots shall be detonated within three miles of a recreational beach between May 1 and September 10.

(h) All operations shall be conducted using the highest degree of care to prevent damage to or pollution of all lands and waters. Any physical modification of the surface shall be remedied upon completion of the work and the area returned to its original condition as nearly as possible.

(i) Prior to conducting any operations, the permittee shall coordinate with the police department of the city regarding their operations.

(j) No geophysical surveying or shooting shall be performed within the Connie Hager Wildlife Sanctuary as set forth in Texas Parks and Wildlife Code, section 82.101; or within 500 yards of a bird nesting area.

(k) Any person conducting geophysical or geochemical activities under this section must immediately advise the city council of the following which presently exist or can reasonably be anticipated:

- (1) The location and type of any dangerous condition which may constitute an imminent threat to human activity; or
- (2) Activities or situations, whether caused by permittee's activities or otherwise, which may adversely affect the environment, aquatic life or wildlife, cultural resources, or other uses of the area in which the exploration activity is conducted.

(l) Any pollution, fish or wildlife kill, or loss of property known to the operator shall be immediately reported to the city.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-65. Enforcement/inspection.**

All operations shall be subject to inspection by the city's representatives at any time. Upon reasonable notice, the permittee shall furnish the city's representatives with transportation over submerged lands from the normal staging site to and from the operations site.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-66. Violations.**

(a) A permittee that violates or fails to comply with any provision of the Texas Natural Resources Code or this article is subject to immediate revocation of the permit and may be prohibited from further geophysical or geochemical exploration within the city limits. A permittee who commits such violation will be liable for any costs incurred from any damage resulting from the violation.

(b) Upon discovery of any violations, the city or a designated representative may order temporary discontinuance of seismic operations until completely reviewed by the city council.

(c) The city may seek an injunction or other order of restraint or abatement that requires the operator to immediately stop any exploration operations.

(Ord. No. 1091, § 2, 9-8-98)

Application for Permit to Drill Oil or Gas Well

RECEIVED

OCT 26 2015

CITY SECRETARY



It shall be unlawful for any person to drill or commence to drill a well for oil or gas within the limits of the city, or to work upon or assist in any way in the prosecution of the drilling of any such well, unless a permit for the drilling, completion and operation of such well has first been issued by authority of the City Council. [Rockport Code of Ordinances Sec. 62-37]. Applications must be filed with the City Secretary and include a check, money order, or cashier's check for the \$300.00 application as well as a copy of the applicant's Railroad Commission of Texas W-1 form and plat of the surface and bottom hole locations. Please answer each question thoroughly and attach additional pages as necessary.

Hurd ACA #1 well

Applicant Information

Applicant Name: Hurd Enterprises, Ltd.

Street Address: 7373 Broadway, Ste. 200

City: San Antonio

State: TX

ZIP: 78209

Phone Number: 210-829-5255

Fax Number: 210-829-5061

Mailing Address to be Used for Notice of Hearing: same as above

City: _____

State: _____

ZIP: _____

RRC Operator Number: 419886

Taxpayer ID Number: 74-2214846

RRC W-1 Form Attached? Yes No

Applicant's Corporate Representative Contact Information

Name: Debbie Dorsett

Title: Geological Engineer

Email Address: debbied@hurdenterprises.com

Phone Number: 210-829-2222

Fax Number: 210-829-5061

Applicant's Onsite Supervisor Contact Information

Name: Arlen Parma

Title: Rig Tool Pusher

Email Address: rig4@eddedrilling.com

Phone Number: 361-649-1436

Mobile Number: _____

Surface Location Information

General Location Description: Wellsite located within the David Lockard Survey A-97 next to the Aransas County Airport.

Legal Description: Surface Location: 3500' FNL & 2550' SE FNWL

BH Location: 2975' FNL & 2175' SE FNWL

GPS Coordinates – Datum: _____ State Plane Zone: Texas S. C. Nad 83

X Coordinate: 2,597,366.187 Y Coordinate: 13,220,715.044

Property Owner(s) Name: City of Rockport and Aransas County Airport

Street Address: 2751 SH 35 Bypass

City: Rockport State: TX ZIP: 78382

Phone Number: 361-790-1160 Fax Number: _____

Plat of Surface and Bottom Hole Locations Attached? Yes No

Nearby Structures

Please describe any structures within 500 feet of surface location site and provide the name and address of the owners of those structures. Use additional sheets as needed.

Structure 1

Description of Structure: Edde Drilling Rig #4 - Temporary Drilling Rig

Distance from Well: NA feet Direction: N NE E SE S SW W NW

Owners Name: Edde Drilling Company, LLC.

Street Address: 2607 East Rio Grande

City: Victoria State: TX ZIP: 77901

Phone Number: 361-572-4884 Fax Number: _____

Structure 2

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 3

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW ³¹

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 4

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 5

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 5

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Well Operations

Date Equipment Delivered to Site: 10/15/15 Will Operations Include Fracking? Yes No

Date Drilling to Begin: 10/16/15 Date Drilling to End: 10/30/15

Days of Week Drilling Will Occur: 7 days per week Hours of Operation: 24 hours per day

Equipment Description

Description of Drilling Equipment: See attached Edde Drilling Rig #4 Inventory List

Drilling Rig Number: _____ Maximum Height of Rig: _____

Liability Insurance

Prior to the issuance of a permit, applicant shall file with the City proof of current liability insurance from a company approved by the Texas Board of Insurance or alternatively such other evidence as may reasonably be required by the City to establish the applicant's financial ability to self-insure against potential liability. The policy should include the type of insurance, amount, name of insurance company, name of policyholder and effective dates. The extent of the insurance coverage shall be in the amount deemed sufficient by the City.

Copy of Liability Insurance Attached? Yes No

Safety Information

Describe Firefighting Equipment Available Onsite: Fire Extinguishers are located around the rig.

Describe the Schedule of Safety Meetings, if any, to be Conducted During Operations: Daily safety

meetings are held with all employees.

State the name and phone number of all safety personnel:

- 1. Trey Geistman 979-450-1585
- 2. _____
- 3. _____
- 4. _____

Certification

With my signature, I certify that I am authorized to submit this application on behalf of the applicant and that the information contained in the application is true and correct.

Name: Debbie Dorsett Title: Geological Engineer

Signature:  Date: 10/21/15



2607 East Rio Grande • Post Office Box 4966 • Victoria, Texas 77903
 (361) 572-4884 • Fax (361) 578-6376

RIG # 4

CLASSIFICATION: 700 HP Mechanical

DEPTH CAPACITY: 11,000' w/ 4" drill pipe

DRAWWORKS

Crown Duke CE600SD drawworks powered by 2 CAT C-12 engines (425 BHP each) with 2 Allison 5 speed automatic transmissions

DERRICK & TRAVELING EQUIPMENT

112' mast with 300,000# API hookload rating
 Ideco Shorty 200 ton block and hook
 Gardner Denver SW-200 200 ton swivel equipped with Gill hydraulic kelly spinner
 Hawk 950 hydraulic pipe spinners
 Crown-O-Matic.

MUD SYSTEM

One - PZ-9 (1000 HP) triplex pump powered by CAT 398 DITA engine
 One - Bomco F1000 (1000 HP) triplex pump powered by CAT 398 DITA engine
 400 barrel round bottom mud tank system
 One - Vortec 4 panel linear shale shaker
 Derrick 10-cone desilter
 Derrick DG-5 vacuum degasser

SUBSTRUCTURE

15' telescoping (13' clearance)
 350,000 lbs rotary, 300,000 lbs setback, and 650,000 simultaneous capacity
 Hacker Pyramid 20 ½" rotary table.

WELL CONTROL EQUIPMENT

Shaffer LXT 11" 5000 psi double ram BOP
 Hydrill GK 11" 5000 psi annular
 Koomey Type 120 gal 4-station accumulator

AUXILLARY EQUIPMENT

GENERATOR HOUSE with 2-300 KW CAT generators powered by CAT 3406 DITA engines
 FUEL TANK - 4300 gal
 CHANGE AND PARTS HOUSE

DRILL PIPE

10,500' of 4" 14.0# S-135 Drill Pipe
 12 - 6 ¼" Drill collars



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/21/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER John L. Wortham & Son, L.P. PO Box 1388 Houston, TX 77251-1388 www.worthaminsurance.com	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">CONTACT NAME: John L. Wortham & Son, L.P.</td> </tr> <tr> <td>PHONE (A/C, No, Ext): 713-526-3366</td> <td>FAX (A/C, No): 713-521-1951</td> </tr> <tr> <td colspan="2">E-MAIL ADDRESS:</td> </tr> <tr> <td colspan="2" style="text-align: center;">INSURER(S) AFFORDING COVERAGE</td> </tr> <tr> <td>INSURER A: Gemini Insurance Company</td> <td style="text-align: right;">NAIC # 10833</td> </tr> <tr> <td>INSURER B: Texas Mutual Insurance Company</td> <td style="text-align: right;">22945</td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	CONTACT NAME: John L. Wortham & Son, L.P.		PHONE (A/C, No, Ext): 713-526-3366	FAX (A/C, No): 713-521-1951	E-MAIL ADDRESS:		INSURER(S) AFFORDING COVERAGE		INSURER A: Gemini Insurance Company	NAIC # 10833	INSURER B: Texas Mutual Insurance Company	22945	INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER C:																					
INSURER D:																					
INSURER E:																					
INSURER F:																					
INSURED Hurd Enterprises Limited 7373 Broadway, Suite 200 San Antonio TX 78209																					

COVERAGES **CERTIFICATE NUMBER: 27001621** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			JGH2002264	6/1/2015	6/1/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			JGH2002264	6/1/2015	6/1/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> DED <input type="checkbox"/> RETENTION \$ 10,000 SIR			JUH2002034	6/1/2015	6/1/2016	EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ 25,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y / N N / A	TSF0001214393	7/24/2015	7/24/2016	<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER City of Rockport 2751 SH 35 Bypass Rockport, TX 78382	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <div style="text-align: right; font-family: cursive;"> John L. Wortham & Son, L.P. </div> John L. Wortham & Son, L.P.
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authority applicable to the area of the lands covered by this lease, requires a unit larger than 40 surface acres or larger than a unit theretofore created or of a different shape, then lessee may create a unit, or enlarge or change the shape of an existing unit, to such different size or shape as lessee may desire, but not to a size substantially exceeding the size specified in such orders or regulations for a regular location. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. Drilling operations or production on the pooled acreage shall be treated the same as if such operations or production were had under this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved.

Signed for identification:

John L. Bailey

Mary Ellen Bailey

THE STATE OF TEXAS,)
 COUNTY OF ARANSAS.)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared John L. Bailey and Mary Ellen Bailey, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and the said Mary Ellen Bailey, wife of the said John L. Bailey having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mary Ellen Bailey acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 26th day of April A. D. 1946.

Anna Lochridge
 Notary Public in and for Aransas County,
 Texas.

(Seal)

Recorded June 11, 1946 at 2:55 P. M.

J. M. Sparks
 County Clerk, Aransas County, Texas.

#9649
 WILLIAM KENT, JR., ET AL TO EMORY M. SPENCER
 DATED MARCH 1, 1946.

OIL, GAS AND MINERAL LEASE
 FILED MAY 31, 1946 at 11:00 A. M.

OIL, GAS AND MINERAL LEASE

STATE OF TEXAS,
 COUNTY OF ARANSAS:

THIS AGREEMENT made this 1st day of March, 1946, between William Kent, Jr., Sole and Surviving Trustee of the Estate of William Kent, deceased, under and by virtue of the filing and recording July 26, 1937, in Volume R-2, page 402, et seq., Deed Records, Aransas County, Texas, of certified copies of the Will of William Kent, deceased, and order of probate thereon; and Lawason Riggs, Jr., Frances Anita Crane, John C. Crane, Fiduciary Trust Company of New York, Josephine Crane Bradley, and the Northern Trust Company of Illinois, all Trustees under the Will of Charles R. Crane, deceased, under and by virtue of the filing on April 12, 1939, and the recording on May 4, 1939, in Volume T-2, page 484, Deed Records, Aransas County, Texas, of certified copies of the Will of Charles R. Crane, deceased, and order of probate thereon, and under and by virtue of the filing on March 2, 1940, and the recording on March 20, 1940, in Volume U-2, page 359, Deed Records, Aransas County, Texas, of a certified copy of the order directing the issuance of Letters of Trusteeship in the said estate of Charles R. Crane, deceased,

OG 13/568

and Mrs. Bruce Crane Fisher, Individually, joined by her husband, Frederick S. Fisher, Jr., acting herein by and through his duly authorized agent and attorney in fact, his wife, Bruce Crane Fisher, LESSOR (whether one or more), and Emory M. Spencer, LESSEE;

W I T N E S S E T H:

1. Lessor in consideration of One Thousand (\$1,000) Dollars in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Aransas County, Texas, to-wit:

Approximately 2716.382 acres, more particularly described in the deeds to the County of Aransas, State of Texas, covering 488.00 acres, in the deeds to F. G. Huffman covering 1280.70 acres, and in the deed to Emory M. Spencer covering 947.682 acres hereinafter referred to, this lease being subject to the interests conveyed therein to such grantees therein, but covering the interests reserved therein by the grantors therein as follows:

(1) All the oil, gas and mineral of every kind and character in a certain tract of 488.00 acres in the David Lockhard Survey, Abstract 97, Aransas County, Texas, which said minerals, together with full rights of ingress and egress to produce same, the grantors reserved to themselves, subject to certain conditions, reversion and restrictions, in a certain deed executed and delivered by William Kent, Jr., Trustee of the Estate of William Kent, deceased, and Lawracon Riggs, Jr., and Central Hanover Bank & Trust Company, Executors of the Estate of Charles R. Crane, Deceased, to the County of Aransas, State of Texas, dated April 5, 1943, and in a certain ratification deed thereof from William Kent, Jr., Trustee, and Lawracon Riggs, Jr., and Central Hanover Bank & Trust Company, Executors, and Trustees of the Estate of Charles R. Crane, Deceased, and other grantors, to Aransas County, Texas, dated April 6, 1943, to which deeds and the record thereof respectively in Volumes X-2, page 355 and Volumes X-2, page 357, Deed Records, Aransas County, Texas, reference is hereby made for all purposes;

(2) Undivided one-half ($\frac{1}{2}$) of all oil, gas, condensate, distillate, salt, sulphur and all minerals of every kind and character, metallic or non-metallic, solid, liquid, and/or gaseous, in, on and under a certain tract of 1280.70 acres of land out of the Joseph Hollis, William Garper and David Lockhard Surveys, lying South of the Aransas County Airport tract, and West of the Fulton Farm Lots, all in Aransas County, Texas, which said undivided one-half ($\frac{1}{2}$) of said minerals, together with the perpetual rights of ingress and egress to enter upon said premises to operate for and remove said minerals the grantors reserved to themselves in a certain deed executed and delivered by William Kent, Jr., Trustee of the Estate of William Kent, Deceased, and Lawracon Riggs, Jr. and others as Trustees of the Estate of Charles R. Crane, Deceased, and other grantors to F. G. Huffman dated November 1, 1944, and in a certain ratification deed thereof from Frederick S. Fisher, Jr., by and through his agent and attorney in fact, Bruce Crane Fisher, and his wife, Bruce Crane Fisher, to F. G. Huffman, dated December 27, 1944, to which deeds and the record thereof respectively in Volumes Y-2, page 207, and Volumes Y-2, page 210, Deed Records, Aransas County, Texas, reference is hereby made for all purposes;

(3) Undivided one-half ($\frac{1}{2}$) of all oil, gas, condensate, distillate, salt, sulphur and all minerals of every kind and character, metallic and/or non-metallic, solid, liquid and/or gaseous in, on and under those certain tracts of 947.682² of land out of the Ocean View lands known as Traverse #1, Traverse #2 and Traverse #4, being a part of the Kent-Crane lands out of the C. O. D. Gilliland and David Lockhard Surveys on Live Oak Peninsula, less a tract of 488 acres sold to Aransas County for an Airport, by deeds recorded in Volumes X-2, pages 355 and 357, Deed Records, Aransas County, Texas, which said undivided one-half ($\frac{1}{2}$) of said minerals, together with the perpetual rights of ingress and egress to enter upon said premises to operate for and remove said minerals the grantors reserved to themselves in a certain deed executed and delivered by William Kent, Jr., Trustee of the Estate of William Kent, Deceased, and Lawracon Riggs, Jr., and others as Trustees of the Estate of Charles R. Crane, Deceased, and other grantors to Emory M. Spencer dated June 30, 1945, to which deed and the record thereof in Volumes Z-2, page 8, Deed Records, Aransas County, Texas, reference is hereby made for all purposes;

and containing 2716.382 acres, more or less; In the event a resurvey of said lands shall reveal the existence of excess and/or vacant lands lying adjacent to the lands above described and the lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this lease shall cover and include all such excess and/or vacant lands which the lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

2. Subject to the other provisions herein contained, this lease shall be for a term of twenty (20) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder.

3. The royalties to be paid Lessor are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$100.00 per well per year, and upon such payment it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be One Dollar (\$1.00) per long ton. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's or his grantee's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in the First National Bank in Houston, at Houston, Texas (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Five Hundred (\$500.00) Dollars, (herein called rental), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender or rental may be made by the check or draft of Lessee mailed or delivered to said bank on or before such date of payment, If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail, ~~liquidate or be succeeded by another bank, or for any reason fail or~~ refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be twenty cents (20c) per acre per year on each acre not released and in which Lessor has an interest. In this connection the above described premises shall be treated as comprising 2716.392 acres, whether there be more or less.

5. If prior to discovery of oil or gas on said land Lessee should drill a dry hole ^{thereof}, or if after discovery of oil or gas the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or re-working operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of pro-

duction. If at the expiration of the primary term oil, gas or other minerals is not being produced on said land but Lessee is then engaged in drilling or re-working operations thereon, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas or other minerals so long thereafter as oil, gas or other mineral is produced from said land. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred (300) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor or his grantees, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's or his grantees' consent.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, successors and assigns, but no change or divisions in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No sale or assignment by Lessor shall be binding on Lessee until Lessee shall be furnished with a certified copy of recorded instrument evidencing same. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be twenty cents (20¢) per acre per year on each acre held by each leasehold owner, lessee and/or assignees, in which Lessor has an interest and/or in the event of the assignment of this lease as to some particular minerals only, the rentals payable hereunder shall be twenty cents (20¢) per acre per year on each acre held by each leasehold owner, lessee and/or assignees in which Lessor has an interest, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall ^{not} work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part save as herein expressly provided. If the obligation for reasonable development should require the drilling of a well or wells, Lessee shall have ninety (90) days after ultimate judicial ascertainment of the existence of such obligation within which to begin the drilling of a well, and the only penalty for failure to do so shall be ^{the} termination of this lease save as to ten (10) acres for each well ^{worked} on and/or being drilled and/or producing oil or gas to be selected by Lessee so that each 10-acre tract will embrace one such well.

9. Lessor (the undersigned in their respective capacities only) hereby warrants and agrees to defend (as to undersigned's respective interests) the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warrant in event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately, and it is understood, as indicated in the description of the leased premises, that as to some of the acreage covered by this lease the Lessor does own an interest in the minerals therein less than the entire fee simple estate

therein, and it is likewise understood that as to such the royalties provided for herein to be paid to Lessor shall be reduced proportionately; however, the rentals to be paid Lessor shall not be reduced unless the Lessor owns an interest in said minerals less than the ownership as indicated in the description of the leased premises, and then, and only in that event, such rentals shall be reduced proportionately.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

William Kent, Jr. as Sole and Surviving Trustee of the Estate of William Kent, deceased.
Lawrason Riggs, Jr.
Frances Anita Crane
John O. Crane
FIDUCIARY TRUST COMPANY OF NEW YORK,

(Seal) ATTEST:
Carl A. Dengel
Assistant Secretary

By Lee C. Robinson Vice President
Josephine Crane Bradley
NORTHERN TRUST COMPANY OF ILLINOIS

(Seal) ATTEST:
A.E. Percival
Asst. Secretary

By C.A. Zoll Second Vice President
As Trustees under the Will of Charles R. Crane, deceased.

Bruce Crane Fisher, Individually
Frederick S. Fisher Jr.
By Bruce Crane Fisher
As his Agent and Attorney in Fact

LESSOR

Emory M. Spencer

LESSEE

\$1.10 U. S. I. R. D. Stamps Cancelled.

STATE OF CALIFORNIA,

CITY AND COUNTY OF SAN FRANCISCO:

BEFORE ME, the undersigned authority, on this day personally appeared William Kent, Jr., Sole and Surviving Trustee of the Estate of William Kent, deceased, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this the 25th day of May, A.D. 1946.

Louis Wiener
NOTARY PUBLIC in and for SAN FRANCISCO
COUNTY, CALIFORNIA
My Commission expires: Aug. 19-1947

(Seal)

STATE OF NEW YORK,

COUNTY OF NEW YORK:

BEFORE ME, the undersigned authority, on this day personally appeared Lawrason Riggs, Jr., one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 3rd day of May, A.D. 1946.

Veronica M. Walsh
NOTARY PUBLIC in and for New York.
COUNTY, New York.
My Commission Expires March 30, 1947.

(Seal) Queens Co. Clerk's No. 2726, Rev. No. 126-W.
New York Co. Clerk's No. 463, Reg. No. 355-W-7

STATE OF MASSACHUSETTS

COUNTY OF BARNSTABLE

BEFORE ME, the undersigned authority, on this day personally appeared Frances Anita Crane, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 29th day of April, A.D. 1946.

Given under my hand and seal of office this the 29th day of April, A.D. 1946.

Summer Crosby
NOTARY PUBLIC in and for Barnstable
COUNTY, _____
My Commission Expires May 14, 1948.

(Seal)

STATE OF NEW YORK
COUNTY OF NEW YORK:

BEFORE ME, the undersigned authority, on this day personally appeared John O. Crane, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 2nd day of May, A.D. 1946.

Queen's Co. Clerk's No. 2726, Rev. No. 126-W-7
New York Co. Clerk's No. 463, Rev. No. 355-W-7
(Seal) My Commission Expires March 30, 1947.
Vernica M. Walsh
NOTARY PUBLIC in and for NEW YORK
COUNTY, N. Y.

STATE OF NEW YORK,
COUNTY OF NEW YORK:

BEFORE ME, the undersigned authority, on this day personally appeared Lee C. Robinson Vice-President of Fiduciary Trust Company of New York, a corporation, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

Given under my hand and seal office this the 3rd day of May, A.D. 1946.

Beatrice R. Dunigan
NOTARY PUBLIC in and for NEW YORK
COUNTY, NEW YORK
N. Y. Co. Clk's. No. 299, Reg. No. 475-D-7
Commission Expires March 30, 1947.

(Seal)

STATE OF WISCONSIN
COUNTY OF DAKE

BEFORE ME, the undersigned authority, on this day personally appeared Josephine Crane Bradley, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 20th day of May, A.D. 1946.

DUDLEY H. DAVIS
NOTARY PUBLIC in and for DAKE
COUNTY, Wisconsin
My Commission Expires June 8th 1947.

(Seal)

STATE OF ILLINOIS,
COUNTY OF COOK:

BEFORE ME, the undersigned authority, on this day personally appeared C.A. Zoll, Second Vice-President of NORTHERN TRUST COMPANY OF ILLINOIS, a corporation, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

Given under my hand and seal of office this the 14th day of May, A.D. 1946.

A. B. Lindahl
NOTARY PUBLIC in and for COOK
(Seal) My Commission Expires January 19, 1949. COUNTY, ILLINOIS

STATE OF VIRGINIA,
COUNTY OF CHARLES CITY

BEFORE ME, the undersigned authority, on this day personally appeared Mrs. Bruce Crane Fisher, Individually, and as agent and attorney in fact for her husband, Frederick S. Fisher, Jr., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacities therein stated.

Given under my hand and seal of office this the 6 day of May, A.D. 1946.

Edwin M. Crostic
NOTARY PUBLIC in and for VIRGINIA
COUNTY, CHARLES CITY.

(Seal) Commission Expires. June 30, 1946.

STATE OF TEXAS,
COUNTY OF ARANSAS:

BEFORE ME, the undersigned authority, on this day personally appeared EMORY M. SPENCER, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office this the 31 day of May, A.D. 1946.

Alice M. Haney
NOTARY PUBLIC, in and for ARANSAS
COUNTY, TEXAS.

(Seal)
Recorded June 12, 1946 at 4:15 P. M.

J. M. Spake
County Clerk, Aransas County, Texas.

#9657
ARANSAS DOCK & CHANNEL COMPANY TO PRESCOTT WILLIAMS
DATED MAY 30, 1946 .

OIL, GAS AND MINERAL LEASE.
FILED JUNE 5, 1946 at 11:20 A. M.

OIL, GAS AND MINERAL LEASE #70132

THIS AGREEMENT made this 30th. day of May 1946, between --Aransas Dock & Channel Company, a Texas corporation of Aransas Pass, Texas, Lessor (whether one or more), and --Prescott Williams-Lessee, WITNESSETH:

1. Lessor in consideration of --TEN & no/100---Dollars (\$10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Aransas County, Texas, to-wit:

All of that part of that certain tract of land conveyed by Burton and Danforth to Aransas Pass Channel and Dock Company by deed dated December 18, 1913, recorded in Vol. D-2, page 553 of the Deed Records of said County, which lies along the shore of Red Fish Bay and north of the South line of BBB&C Survey patented under Scrip 220, said land being a part of the said BBB&C Survey, the Elizabeth Fally Survey, the John H. Phillips Survey, the Jas. McKay Survey, and the Charles L. Zenn Survey, and containing 252.1 acres more or less.

Lessee is hereby given the right and power to pool and combine the oil rights in the land covered by this lease or any portion thereof with the oil rights in any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, provided that no unit so created shall exceed 20 acres in area. If production is found on the pooled acreage, it shall be treated as if production is had from this lease whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particu-

Railroad Commission of Texas

PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

CONDITIONS AND INSTRUCTIONS

Permit Invalidation. It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

Notice Requirements. Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

Permit expiration. This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

Drilling Permit Number. The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

Rule 37 Exception Permits. This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

Before Drilling

Fresh Water Sand Protection. The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection, Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

Accessing the Well Site. If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

Water Transport to Well Site. If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

*NOTIFICATION

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

During Drilling

Permit at Drilling Site. A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

***Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown the on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

*Notification of Re-completion/Re-entry. The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

Completion and Plugging Reports

Hydraulic Fracture Stimulation using Diesel Fuel: Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to EXCLUDE " ...the underground injection of fluids or propping agents (other than diesel fuels) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

Producing Well. Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within thirty (30) days after completion of the well or within ninety (90) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s (if required) must be submitted with no double assignment of acreage.

Dry or Noncommercial Hole. Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

Intention to Plug. The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

*Notification of Plugging a Dry Hole. The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Texas Commission on Environmental Quality letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE
(512) 463-6751

MAIL:
PO Box 12967
Austin, Texas, 78711-2967

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 804573	DATE PERMIT ISSUED OR AMENDED Mar 12, 2015	DISTRICT * 04		
API NUMBER 42-007-30923	FORM W-1 RECEIVED Mar 11, 2015	COUNTY ARANSAS		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 488		
OPERATOR HURD ENTERPRISES, LTD. 7373 BROADWAY SUITE 200 SAN ANTONIO, TX 78209-0000 419886		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113		
LEASE NAME ACA		WELL NUMBER 1		
LOCATION 0 miles Within direction from ROCKPORT		TOTAL DEPTH 9000		
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 97 SURVEY ◀ LOCKARD, D				
DISTANCE TO SURVEY LINES 3500 ft. N 2550 ft. NW		DISTANCE TO NEAREST LEASE LINE 500 ft.		
DISTANCE TO LEASE LINES 3500 ft. N (OFF LEASE) 2550 ft. NW(OFF LEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE	DIST
FULTON BEACH (A-3) ACA	488.00 500	9,000	1 0	04
WELLBORE PROFILE(s) FOR FIELD: Directional				
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 500.0 F S L 2175.0 F NW L Survey Lines: 2975.0 F N L 2175.0 F NW L				
FULTON BEACH (A-4-6) ACA	488.00 500	9,000	1 0	04
WELLBORE PROFILE(s) FOR FIELD: Directional				
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 500.0 F S L 2175.0 F NW L Survey Lines: 2975.0 F N L 2175.0 F NW L				
FULTON BEACH (B-3-8) ACA	488.00 500	9,000	1 0	04

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

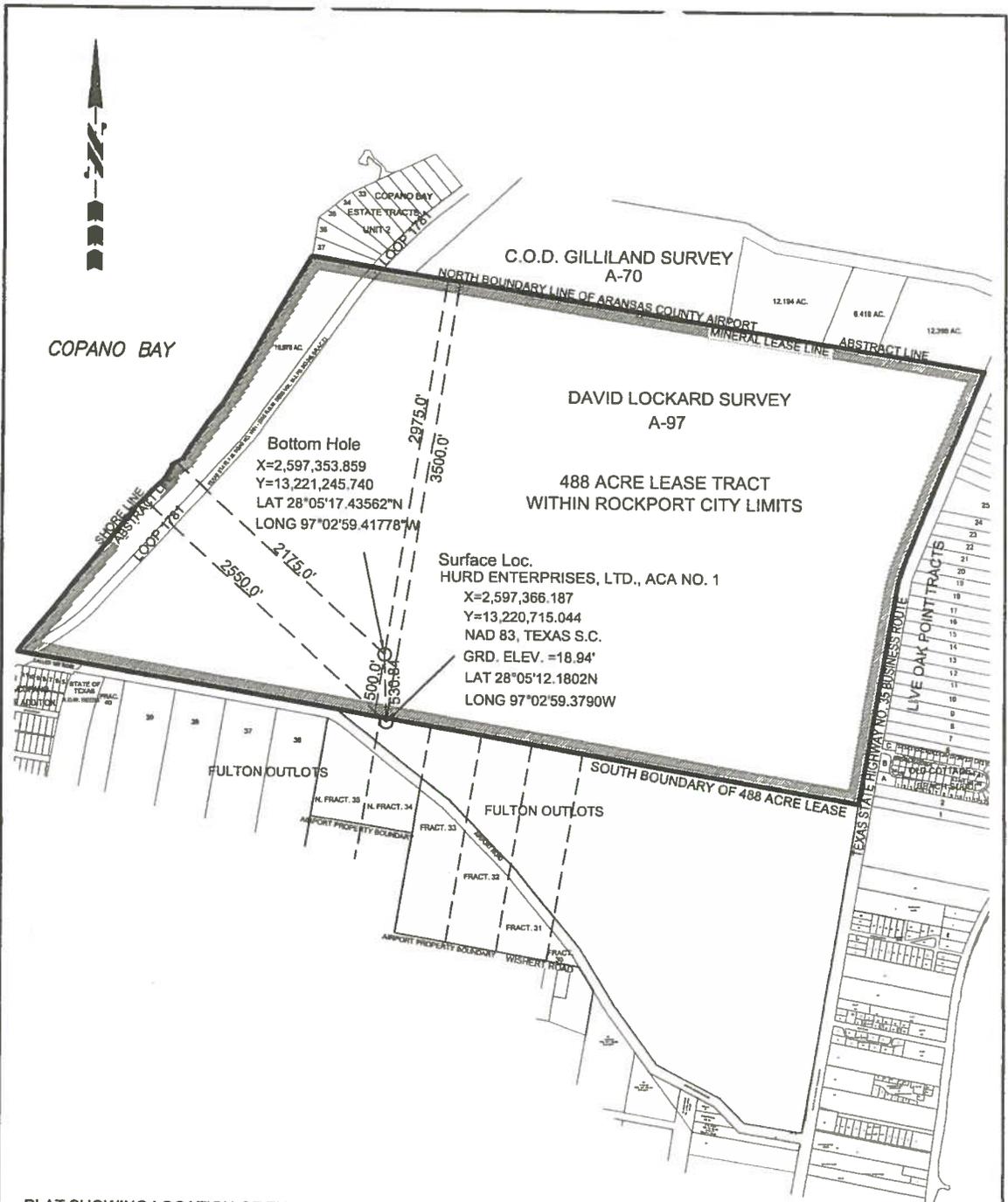
PERMIT NUMBER 804573	DATE PERMIT ISSUED OR AMENDED Mar 12, 2015	DISTRICT * 04
API NUMBER 42-007-30923	FORM W-1 RECEIVED Mar 11, 2015	COUNTY ARANSAS
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 488
OPERATOR HURD ENTERPRISES, LTD. 7373 BROADWAY SUITE 200 SAN ANTONIO, TX 78209-0000	419886	NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113
LEASE NAME ACA		WELL NUMBER 1
LOCATION 0 miles Within direction from ROCKPORT		TOTAL DEPTH 9000
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 97 SURVEY ◀ LOCKARD, D		
DISTANCE TO SURVEY LINES 3500 ft. N 2550 ft. NW		DISTANCE TO NEAREST LEASE LINE 500 ft.
DISTANCE TO LEASE LINES 3500 ft. N (OFF LEASE) 2550 ft. NW(OFF LEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE
	WELL # NEAREST WE	DIST
----- WELLBORE PROFILE(S) FOR FIELD: Directional -----		
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 500.0 F S L 2175.0 F NW L Survey Lines: 2975.0 F N L 2175.0 F NW L		
<p style="text-align: center;">THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</p> <p>This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.</p> <p>This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.</p>		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data

ARANSAS (007) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
GOLIAD	1,300	2,100	injection/disposal	1	12/17/2013
MIOCENE-LAGARTO-OAKVILLE	1,450	5,300	injection/disposal	2	12/17/2013
CATAHOULA-ANAHUAC	2,800	6,000	injection/disposal	3	12/17/2013
CATAHOULA-FRIO	4,200	13,000	injection/disposal; H2S	4	12/17/2013
VICKSBURG	9,800	11,500		5	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.state.tx.us/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



PLAT SHOWING LOCATION OF THE HURD ENTERPRISES, LTD., ACA NO. 1 PROPOSED WELL LOCATION LOCATED ON THE ARANSAS COUNTY AIRPORT, DAVID LOCKARD SURVEY A-97, ARANSAS COUNTY, TEXAS. THE SURFACE LOCATION SCALES 3500' SOUTH OF THE NORTH LINE AND 2175' SOUTHEAST OF THE NORTHWEST LINE OF THE DAVID LOCKARD SURVEY. THE BOTTOM LOCATION SCALES 2975' SOUTH OF THE NORTH LINE AND 2175' SOUTHEAST OF THE NORTHWEST LINE OF THE DAVID LOCKARD SURVEY. BOTTOM HOLE SCALES 500' NOTRH OF SOUTH BOUNDARY OF 488 ACRE LEASE.

HURD ENTERPRISES, LTD.		
ACA #1		
DAVID LOCKARD SURVEY, A-97		
ARANSAS COUNTY, TEXAS		
Drawn By: DM	Dated: 3-6-15	Scale: 1" = 1,000'



ALL COORDINATES ARE TEXAS STATE PLANE SOUTH CENTRAL ZONE (NAD 83)

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 10

Deliberate and act on an application from Hurd Enterprises, Ltd. For a Permit to Drill Oil or Gas Well located within the David Lockard Survey A-97 next to the Aransas County Airport.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: On October 12, 2015, staff became aware of a drilling site on Airport Road and on the south side of the Aransas County Airport. Further investigation revealed that site preparations were complete and drilling commenced on October 16, 2015, without a required permit from the City (Code of Ordinances Sec. 62-37). Despite the land survey and state drilling application stating that the site was within the City of Rockport, Hurd Enterprises states that they relied on statements from Aransas County officials that the property was in the unincorporated area. Once Hurd was made aware of the discrepancy, they have been very straightforward and diligent in working with staff on the permit. The permit was received on October 26 and the required public hearing set for November 17. No citations have been issued for drilling without a permit and as of November 13, 2015, no citizen complaints have been received. Please see the accompanying permit application for detailed information.

FISCAL ANALYSIS: The required \$300 permit fee has been received.

RECOMMENDATION: Staff recommends approval of the permit, as presented.

November 2, 2015

Notice of and Hearing on Application - Hurd Enterprises, Ltd., Aransas County Airport (ACA) No. 1

Notice is hereby given that Hurd Enterprises, Ltd., acting und and pursuant to the terms and provisions of Chapter 62 of the Code of Ordinances, City of Rockport, Texas, did, on the 26th day of October 2015, file with the City Secretary of the City of Rockport an application for a permit to drill a well for oil or gas upon a 488 acre tract of land that is a part of the Aransas County Airport located in Rockport, Texas, shown on the plat attached hereto. A hearing upon such application will be held in the Chamber of the City Council at the City Hall of the City of Rockport, Texas on November 17th, 2015, at 6:30 PM.

Sincerely,

Hurd Enterprises Ltd.



John T. Hagy
Land Manager

ARTICLE II. OIL AND GAS WELLS*

DIVISION 1. GENERALLY

Sec. 62-26. **Drilling within 2,000 feet of shoreline.**

It shall be unlawful for any person to drill, or commence to drill, any well for oil or gas within 2,000 feet of the shoreline, mean low tide, in any bay area within the corporate limits of the city.

(Code 1972, § 14-1)

Secs. 62-27—62-35. **Reserved.**

DIVISION 2. PERMIT*

Sec. 62-36. **Applicability.**

The provisions of this division shall be applicable to all drilling within bay areas within the corporate city limits.

(Code 1972, § 14-10)

Sec. 62-37. **Required; exceptions.**

(a) It shall be unlawful for any person to drill or commence to drill a well for oil or gas within the limits of the city, or to work upon or assist in any way in the prosecution of the drilling of any such well, unless a permit for the drilling, completion and operation of such well has first been issued by authority of the city council in accordance with the provisions of this division.

(b) Nothing contained in this division shall be interpreted to require a permit for the reworking, deepening or plugging back of any well or completing any well for the sole purpose of injection of water, gas or other substances.

(c) If an emergency arises in the course of conducting his operations which, in the good faith opinion of the permittee, constitutes a serious hazard to life and property, the permittee may undertake such emergency operations as he deems necessary under the circumstances without first obtaining a permit, such emergency action to include, without limitation, the drilling of a relief well, or other emergency operations. Such emergency operations shall not be considered as a violation of this article or any other ordinance of the city. Within 24 hours after the commencement of any such emergency operations, the permittee shall notify the city secretary that such operations have been commenced, and as soon as practicable, but in any event within seven days, the permittee shall file a written report with the city secretary setting forth a summary of the emergency and the actions taken by the permittee to combat it.

(Code 1972, § 14-11)

 **Sec. 62-38. Application generally.**

(a) An application for a permit to drill, complete and operate a well for oil or gas shall be in writing and shall be signed by the applicant or by some person duly authorized to sign on his behalf. The application shall be filed with the city secretary.

(b) Each application for a permit under this article shall state the particular lot and location where the proposed oil or gas well is to be located, and shall have attached to it a description of the oil and gas leases or drilling contracts with the owners of land covering the lots, blocks or tracts in the drilling unit over which the applicant has control of oil rights or gas rights, to the end that the application will show what proportion and what parts of the land the applicant owns in fee or holds under lease or drilling contract from the owners. The application shall also be accompanied by a plat or map showing the designation of the lots, blocks or tracts owned or controlled by the applicant and showing the proposed site of the well.

(Code 1972, § 14-12)

 **Sec. 62-39. Required interest of applicant in land.**

No permit shall be granted or issued under this division for the drilling of a well, except upon ground owned by the applicant or held by him under an oil and gas lease or drilling contract from the owner, giving the owner's permission or authority to drill a well thereon.

(Code 1972, § 14-13)

 **Sec. 62-40. Fee.**

The fee for a permit required by this division shall be \$300.00, which fee shall be paid, in cash, at the time the permit application is filed.

(Code 1972, § 14-14)

 **Sec. 62-41. Notice of and hearing on application.**

(a) Upon the filing of an application for a permit under this article, the city secretary shall set a date for a hearing on the application. Notice of the filing of such application shall be given by the applicant as follows: At least ten days prior to the date of hearing on the application, a copy of the notice, in the form prescribed, shall be sent by registered mail to each owner and lessee of lots, blocks and tracts in the drilling unit not owned by or under lease to the applicant, addressed to the last known address of such land and lease owners, if known to the applicant. A copy of such notice shall likewise be posted at three public places in the city at least ten days prior to the date of such

hearing. Such notice shall state the lot and block number (or otherwise adequately identify the premises) on which the applicant is asking for a permit to drill and the date and place of hearing, and shall be in words and figures as follows:

"Notice is hereby given that _____, acting under and pursuant to the terms and provisions of Chapter 62 of the Code of Ordinances, City of Rockport, Texas, did, on the _____ day of _____ / _____ / _____, 19_____, file with the City Secretary of the City of Rockport an application for a permit to drill a well for oil or gas upon Lot No. _____, Block No. _____, _____, Rockport, Texas, in (Oil) (Gas) Unit shown on plat attached hereto. A hearing upon such application will be held in the Chamber of the City Council at the City Hall of the City of Rockport, Texas, on the _____ day of _____ / _____ / _____, 19_____, at _____ M."

(b) Proof of notice shall be made by the applicant by filing with the city secretary an affidavit containing a copy of the notice and stating the date on which such notice was posted at three public places in the city, and an affidavit of the applicant showing the date and persons to whom and the addresses to which the notice was mailed by the applicant.

(c) At the time fixed in the notice, a hearing on such application shall be held by the city council in the council chamber of the city hall.

(Code 1972, § 14-15)

 **Sec. 62-42. Refusal or issuance generally.**

The city council shall have the power, and reserves the authority, to refuse any application for a permit under this division when, by reason of the location of the proposed well and the character and value of the permanent improvements already erected on the drilling unit in question or adjacent thereto, and the use to which the land and surroundings are adapted for civic purposes, or for sanitary reasons, the drilling of an oil or gas well will be a serious disadvantage to either the health, safety, morals or welfare of the city and its inhabitants. When a permit is refused for any of these reasons, but not otherwise, the fee paid by the applicant shall be returned to him. Except as hereinbefore provided, if an applicant is found by the city council to comply in all respects with the terms of this article and other applicable ordinances of the city, the city secretary shall issue a permit for the drilling, completion and operation of the well applied for.

(Code 1972, § 14-16)

 **Sec. 62-43. Prescribed conditions, standards to be included in permit.**

(a) Whenever it is determined by the city council that a permit applied for under this division should be issued, the council shall prescribe the conditions and standards under which the proposed

well is to be drilled and operated. Such conditions and standards shall include insurance and bonding requirements for the permittee, safety rules and regulations to be followed by the permittee, and any other requirements which the council feels should be met in order to protect the health, safety and general welfare of the city and its inhabitants.

(b) The conditions and standards prescribed by the council under subsection (a) of this section shall be set out, at length, in the permit issued. Acceptance of the permit shall constitute acceptance of such conditions and standards by the permittee.

(Code 1972, § 14-17)

 **Sec. 62-44. Violation of terms or conditions.**

It shall be unlawful for any person to whom a permit is issued under this article, or any person acting on his behalf or as his agent, servant or employee, to violate or fail or refuse to comply with the terms and conditions prescribed in the permit.

(Code 1972, § 14-18)

 **Sec. 62-45. Effect of issuance with respect to zoning ordinance and building regulations.**

It is hereby determined by the council that any well structure, facility or installation regulated by this article shall, if permitted by a permit duly issued and subsisting under this article, in no wise be considered in violation of the zoning ordinance of the city, or to require compliance with the building regulations.

(Code 1972, § 14-19)

Cross reference—Buildings and building regulations, [ch. 22](#); zoning, [ch. 118](#).

 **Sec. 62-46. Termination.**

A permit issued under this division shall terminate and become inoperative without any action on the part of the city council unless, within 180 days from the date of issuance, actual operations for drilling of the well are commenced.

(Code 1972, § 14-20)

 **Sec. 62-47. Revocation.**

A permit issued under this division may be revoked by the city council whenever any condition or standard prescribed by the permit is violated or whenever, after a public hearing, the council determines that continued operations under such permit would be detrimental to the health, safety or general welfare of the city or its inhabitants.

(Code 1972, § 14-21)

 **Secs. 62-48—62-59. Reserved.**

 **ARTICLE III. OIL AND GAS EXPLORATION**

 **Sec. 62-60. Definitions.**

Unless the context clearly indicates otherwise, the words and terms used in this article shall have the same meaning as defined in title 31, Texas Administrative Code, section 9.4, as amended.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-61. Penalties for exploration without permit.**

(a) *Criminal.*

(1) It shall be unlawful for any operator to conduct geophysical or geochemical oil and gas exploration within the city limits of the city in violation of the provisions of this article.

(2) Each such person shall be deemed guilty of a separate offense for each and every day or portion thereof during which any violation of any of the provisions of this article is committed or continued, and upon conviction of any such violation such person shall be punished by a fine of up to \$500.00.

(b) *Civil.* The city may file a civil action in the district court seeking an injunction and civil penalties of up to \$1,000.00 per day for each and every day or portion thereof during which any violation of any of the provisions of this article is committed or continued.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-62. Permit required/procedures.**

(a) Geophysical or geochemical exploration may not be conducted within the city limits without a permit issued by the city council.

(b) Permits shall be issued jointly to, and are the mutual responsibility of, the client and the operator. Permits shall not be transferred or assigned.

(c) Application for a permit shall be made by the operator. The application shall include the following:

- (1) The name, address, phone numbers, and taxpayer ID numbers of the client and the operator. If an applicant is a corporation, it shall include the names of the corporate representatives authorized to execute legal documents;
 - (2) Maps showing the location of shot lines;
 - (3) A complete description of the number and spacing of shots, the size of charge per shot, and a description of the energy source to be used during exploration activities.
- (d) Applications must be received by the city at least 14 working days before proposed commencement of operations. The application processing period may extend beyond this time period. Operations, including surveying of the area, shall not begin until operator receives written approval by the city.
- (e) The application shall be accompanied by a fee of \$250.00.
- (f) Prior to the issuance of a permit, applicant may be required to submit additional information.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-63. Liability insurance.**

Prior to the issuance of a permit, applicant shall file with the city proof of current liability insurance from a company approved by the Texas Board of Insurance or alternatively such other evidence as may reasonably be required by the city to establish the applicant's financial ability to self-insure against potential liability. The extent of the insurance coverage shall be in the amount deemed sufficient by the city.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-64. Exploration restrictions/precautions.**

- (a) Permits shall be granted for a maximum of 30 days. A permit may be extended for a maximum of an additional 30 days at the discretion of the city council and upon payment of the additional permit fee.
- (b) City may require special conditions to be met before issuance of permit, and to be reimbursed regarding any cost incurred by the city to enforce compliance with such special conditions. Failure to comply with any conditions included in the permit shall be considered a violation as specified in section 62-66 of this article.
- (c) The client or operator shall give verbal notice to the city prior to commencement it's operations.

(d) Geophysical crews operating within the city limits of the city shall have the following items in their possession and available for inspection at the project site by a designated representative of the city, upon request:

- (1) A copy of the seismic permit, including any special conditions imposed by the city;
- (2) A copy of city's rules governing geophysical and geochemical exploration; and
- (3) Detailed maps showing the approved shot lines and shot points covered by the permit.

(e) No high-velocity shots may be used within the city limits.

(f) No shots shall be discharged other than in daylight hours.

(g) No shots shall be detonated within three miles of a recreational beach between May 1 and September 10.

(h) All operations shall be conducted using the highest degree of care to prevent damage to or pollution of all lands and waters. Any physical modification of the surface shall be remedied upon completion of the work and the area returned to its original condition as nearly as possible.

(i) Prior to conducting any operations, the permittee shall coordinate with the police department of the city regarding their operations.

(j) No geophysical surveying or shooting shall be performed within the Connie Hager Wildlife Sanctuary as set forth in Texas Parks and Wildlife Code, section 82.101; or within 500 yards of a bird nesting area.

(k) Any person conducting geophysical or geochemical activities under this section must immediately advise the city council of the following which presently exist or can reasonably be anticipated:

- (1) The location and type of any dangerous condition which may constitute an imminent threat to human activity; or
- (2) Activities or situations, whether caused by permittee's activities or otherwise, which may adversely affect the environment, aquatic life or wildlife, cultural resources, or other uses of the area in which the exploration activity is conducted.

(l) Any pollution, fish or wildlife kill, or loss of property known to the operator shall be immediately reported to the city.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-65. Enforcement/inspection.**

All operations shall be subject to inspection by the city's representatives at any time. Upon reasonable notice, the permittee shall furnish the city's representatives with transportation over submerged lands from the normal staging site to and from the operations site.

(Ord. No. 1091, § 2, 9-8-98)

 **Sec. 62-66. Violations.**

- (a) A permittee that violates or fails to comply with any provision of the Texas Natural Resources Code or this article is subject to immediate revocation of the permit and may be prohibited from further geophysical or geochemical exploration within the city limits. A permittee who commits such violation will be liable for any costs incurred from any damage resulting from the violation.
- (b) Upon discovery of any violations, the city or a designated representative may order temporary discontinuance of seismic operations until completely reviewed by the city council.
- (c) The city may seek an injunction or other order of restraint or abatement that requires the operator to immediately stop any exploration operations.

(Ord. No. 1091, § 2, 9-8-98)

Application for Permit to Drill Oil or Gas Well

RECEIVED

OCT 26 2015

CITY SECRETARY



It shall be unlawful for any person to drill or commence to drill a well for oil or gas within the limits of the city, or to work upon or assist in any way in the prosecution of the drilling of any such well, unless a permit for the drilling, completion and operation of such well has first been issued by authority of the City Council. [Rockport Code of Ordinances Sec. 62-37]. Applications must be filed with the City Secretary and include a check, money order, or cashier's check for the \$300.00 application as well as a copy of the applicant's Railroad Commission of Texas W-1 form and plat of the surface and bottom hole locations. Please answer each question thoroughly and attach additional pages as necessary.

Hurd ACA #1 well

Applicant Information

Applicant Name: Hurd Enterprises, Ltd.

Street Address: 7373 Broadway, Ste. 200

City: San Antonio

State: TX

ZIP: 78209

Phone Number: 210-829-5255

Fax Number: 210-829-5061

Mailing Address to be Used for Notice of Hearing: same as above

City: _____ State: _____ ZIP: _____

RRC Operator Number: 419886

Taxpayer ID Number: 74-2214846

RRC W-1 Form Attached? Yes No

Applicant's Corporate Representative Contact Information

Name: Debbie Dorsett

Title: Geological Engineer

Email Address: debbied@hurjenterprises.com

Phone Number: 210-829-2222

Fax Number: 210-829-5061

Applicant's Onsite Supervisor Contact Information

Name: Arlen Parma

Title: Rig Tool Pusher

Email Address: rig4@eddedrilling.com

Phone Number: 361-649-1436

Mobile Number: _____

Surface Location Information

General Location Description: Wellsite located within the David Lockard Survey A-97 next to the Aransas County Airport.

Legal Description: Surface Location: 3500' FNL & 2550' SE FNWL

BH Location: 2975' FNL & 2175' SE FNWL

GPS Coordinates – Datum: _____ State Plane Zone: Texas S. C. Nad 83

X Coordinate: 2,597,366.187 Y Coordinate: 13,220,715.044

Property Owner(s) Name: City of Rockport and Aransas County Airport

Street Address: 2751 SH 35 Bypass

City: Rockport State: TX ZIP: 78382

Phone Number: 361-790-1160 Fax Number: _____

Plat of Surface and Bottom Hole Locations Attached? Yes No

Nearby Structures

Please describe any structures within 500 feet of surface location site and provide the name and address of the owners of those structures. Use additional sheets as needed.

Structure 1

Description of Structure: Edde Drilling Rig #4 - Temporary Drilling Rig

Distance from Well: NA feet Direction: N NE E SE S SW W NW

Owners Name: Edde Drilling Company, LLC.

Street Address: 2607 East Rio Grande

City: Victoria State: TX ZIP: 77901

Phone Number: 361-572-4884 Fax Number: _____

Structure 2

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 3

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW ⁶¹

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 4

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 5

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Structure 5

Description of Structure: NA

Distance from Well: _____ feet Direction: N NE E SE S SW W NW

Owners Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Phone Number: _____ Fax Number: _____

Well Operations

Date Equipment Delivered to Site: 10/15/15 Will Operations Include Fracking? Yes No

Date Drilling to Begin: 10/16/15 Date Drilling to End: 10/30/15

Days of Week Drilling Will Occur: 7 days per week Hours of Operation: 24 hours per day

Equipment Description

Description of Drilling Equipment: See attached Edde Drilling Rig #4 Inventory List

Drilling Rig Number: _____ Maximum Height of Rig: _____

Liability Insurance

Prior to the issuance of a permit, applicant shall file with the City proof of current liability insurance from a company approved by the Texas Board of Insurance or alternatively such other evidence as may reasonably be required by the City to establish the applicant's financial ability to self-insure against potential liability. The policy should include the type of insurance, amount, name of insurance company, name of policyholder and effective dates. The extent of the insurance coverage shall be in the amount deemed sufficient by the City.

Copy of Liability Insurance Attached? Yes No

Safety Information

Describe Firefighting Equipment Available Onsite: Fire Extinguishers are located around the rig.

Describe the Schedule of Safety Meetings, if any, to be Conducted During Operations: Daily safety

meetings are held with all employees.

State the name and phone number of all safety personnel:

- | | |
|--------------------------------------|----------|
| 1. <u>Trey Geistman 979-450-1585</u> | 3. _____ |
| 2. _____ | 4. _____ |

Certification

With my signature, I certify that I am authorized to submit this application on behalf of the applicant and that the information contained in the application is true and correct.

Name: Debbie Dorsett Title: Geological Engineer

Signature:  Date: 10/21/15



2607 East Rio Grande • Post Office Box 4966 • Victoria, Texas 77903
 (361) 572-4884 • Fax (361) 578-6376

RIG # 4

CLASSIFICATION: 700 HP Mechanical

DEPTH CAPACITY: 11,000' w/ 4" drill pipe

DRAWWORKS

Crown Duke CE600SD drawworks powered by 2 CAT C-12 engines (425 BHP each) with 2 Allison 5 speed automatic transmissions

DERRICK & TRAVELING EQUIPMENT

112' mast with 300,000# API hookload rating
 Ideco Shorty 200 ton block and hook
 Gardner Denver SW-200 200 ton swivel equipped with Gill hydraulic kelly spinner
 Hawk 950 hydraulic pipe spinners
 Crown-O-Matic.

MUD SYSTEM

One - PZ-9 (1000 HP) triplex pump powered by CAT 398 DITA engine
 One - Bomco F1000 (1000 HP) triplex pump powered by CAT 398 DITA engine
 400 barrel round bottom mud tank system
 One - Vortec 4 panel linear shale shaker
 Derrick 10-cone desilter
 Derrick DG-5 vacuum degasser

SUBSTRUCTURE

15' telescoping (13' clearance)
 350,000 lbs rotary, 300,000 lbs setback, and 650,000 simultaneous capacity
 Hacker Pyramid 20 ½" rotary table.

WELL CONTROL EQUIPMENT

Shaffer LXT 11" 5000 psi double ram BOP
 Hydrill GK 11" 5000 psi annular
 Koomey Type 120 gal 4-station accumulator

AUXILLARY EQUIPMENT

GENERATOR HOUSE with 2-300 KW CAT generators powered by CAT 3406 DITA engines
 FUEL TANK - 4300 gal
 CHANGE AND PARTS HOUSE

DRILL PIPE

10,500' of 4" 14.0# S-135 Drill Pipe
 12 - 6 ¼" Drill collars



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/21/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER John L. Wortham & Son, L.P. PO Box 1388 Houston, TX 77251-1388 www.worthaminsurance.com	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">CONTACT NAME: John L. Wortham & Son, L.P.</td> </tr> <tr> <td>PHONE (A/C, No, Ext): 713-526-3366</td> <td>FAX (A/C, No): 713-521-1951</td> </tr> <tr> <td colspan="2">E-MAIL ADDRESS:</td> </tr> <tr> <td colspan="2" style="text-align: center;">INSURER(S) AFFORDING COVERAGE</td> </tr> <tr> <td>INSURER A: Gemini Insurance Company</td> <td style="text-align: right;">NAIC # 10833</td> </tr> <tr> <td>INSURER B: Texas Mutual Insurance Company</td> <td style="text-align: right;">22945</td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	CONTACT NAME: John L. Wortham & Son, L.P.		PHONE (A/C, No, Ext): 713-526-3366	FAX (A/C, No): 713-521-1951	E-MAIL ADDRESS:		INSURER(S) AFFORDING COVERAGE		INSURER A: Gemini Insurance Company	NAIC # 10833	INSURER B: Texas Mutual Insurance Company	22945	INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER E:																					
INSURER F:																					
INSURED Hurd Enterprises Limited 7373 Broadway, Suite 200 San Antonio TX 78209																					

COVERAGES **CERTIFICATE NUMBER: 27001621** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			JGH2002264	6/1/2015	6/1/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			JGH2002264	6/1/2015	6/1/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> DED <input type="checkbox"/> RETENTION \$ 10,000 SIR			JUH2002034	6/1/2015	6/1/2016	EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ 25,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y / N N / A	TSF0001214393	7/24/2015	7/24/2016	<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER City of Rockport 2751 SH 35 Bypass Rockport, TX 78382	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <div style="text-align: right;"> John L. Wortham & Son, L.P. </div>
--	---

authority applicable to the area of the lands covered by this lease, requires a unit larger than 40 surface acres or larger than a unit theretofore created or of a different shape, then lessee may create a unit, or enlarge or change the shape of an existing unit, to such different size or shape as lessee may desire, but not to a size substantially exceeding the size specified in such orders or regulations for a regular location. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. Drilling operations or production on the pooled acreage shall be treated the same as if such operations or production were had under this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved.

Signed for identification:
 John L. Bailey
 Mary Ellen Bailey

THE STATE OF TEXAS,)
 COUNTY OF ARANSAS.)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared John L. Bailey and Mary Ellen Bailey, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and the said Mary Ellen Bailey, wife of the said John L. Bailey having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mary Ellen Bailey acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 26th day of April A. D. 1946.

(Seal)

Anna Lochridge
 Notary Public in and for Aransas County,
 Texas.

Recorded June 11, 1946 at 2:55 P. M.

J. M. Sparks
 County Clerk, Aransas County, Texas.

#9649
 WILLIAM KENT, JR., ET AL TO EMORY M. SPENCER
 DATED MARCH 1, 1946.

OIL, GAS AND MINERAL LEASE
 FILED MAY 31, 1946 at 11:00 A. M.

OIL, GAS AND MINERAL LEASE

STATE OF TEXAS,
 COUNTY OF ARANSAS:

THIS AGREEMENT made this 1st day of March, 1946, between William Kent, Jr., Sole and Surviving Trustee of the Estate of William Kent, deceased, under and by virtue of the filing and recording July 26, 1937, in Volume R-2, page 402, et seq., Deed Records, Aransas County, Texas, of certified copies of the Will of William Kent, deceased, and order of probate thereon; and Lawason Riggs, Jr., Frances Anita Crane, John C. Crane, Fiduciary Trust Company of New York, Josephine Crane Bradley, and the Northern Trust Company of Illinois, all Trustees under the Will of Charles R. Crane, deceased, under and by virtue of the filing on April 12, 1939, and the recording on May 4, 1939, in Volume T-2, page 484, Deed Records, Aransas County, Texas, of certified copies of the Will of Charles R. Crane, deceased, and order of probate thereon, and under and by virtue of the filing on March 2, 1940, and the recording on March 20, 1940, in Volume U-2, page 359, Deed Records, Aransas County, Texas, of a certified copy of the order directing the issuance of Letters of Trusteeship in the said estate of Charles R. Crane, deceased,

OG 13/568

and Mrs. Bruce Crane Fisher, Individually, joined by her husband, Frederick S. Fisher, Jr., acting herein by and through his duly authorized agent and attorney in fact, his wife, Bruce Crane Fisher, LESSOR (whether one or more), and Emory M. Spencer, LESSEE;

W I T N E S S E T H:

1. Lessor in consideration of One Thousand (\$1,000) Dollars in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Aransas County, Texas, to-wit:

Approximately 2716.382 acres, more particularly described in the deeds to the County of Aransas, State of Texas, covering 488.00 acres, in the deeds to F. G. Huffman covering 1280.70 acres, and in the deed to Emory M. Spencer covering 947.682 acres hereinafter referred to, this lease being subject to the interests conveyed therein to such grantees therein, but covering the interests reserved therein by the grantors therein as follows:

(1) All the oil, gas and mineral of every kind and character in a certain tract of 488.00 acres in the David Lockhard Survey, Abstract 97, Aransas County, Texas, which said minerals, together with full rights of ingress and egress to produce same, the grantors reserved to themselves, subject to certain conditions, reversion and restrictions, in a certain deed executed and delivered by William Kent, Jr., Trustee of the Estate of William Kent, deceased, and Lawracon Riggs, Jr., and Central Hanover Bank & Trust Company, Executors of the Estate of Charles R. Crane, Deceased, to the County of Aransas, State of Texas, dated April 5, 1943, and in a certain ratification deed thereof from William Kent, Jr., Trustee, and Lawracon Riggs, Jr., and Central Hanover Bank & Trust Company, Executors, and Trustees of the Estate of Charles R. Crane, Deceased, and other grantors, to Aransas County, Texas, dated April 6, 1943, to which deeds and the record thereof respectively in Volumes X-2, page 355 and Volumes X-2, page 357, Deed Records, Aransas County, Texas, reference is hereby made for all purposes;

(2) Undivided one-half ($\frac{1}{2}$) of all oil, gas, condensate, distillate, salt, sulphur and all minerals of every kind and character, metallic or non-metallic, solid, liquid, and/or gaseous, in, on and under a certain tract of 1280.70 acres of land out of the Joseph Hollis, William Garper and David Lockhard Surveys, lying South of the Aransas County Airport tract, and West of the Fulton Farm Lots, all in Aransas County, Texas, which said undivided one-half ($\frac{1}{2}$) of said minerals, together with the perpetual rights of ingress and egress to enter upon said premises to operate for and remove said minerals the grantors reserved to themselves in a certain deed executed and delivered by William Kent, Jr., Trustee of the Estate of William Kent, Deceased, and Lawracon Riggs, Jr. and others as Trustees of the Estate of Charles R. Crane, Deceased, and other grantors to F. G. Huffman dated November 1, 1944, and in a certain ratification deed thereof from Frederick S. Fisher, Jr., by and through his agent and attorney in fact, Bruce Crane Fisher, and his wife, Bruce Crane Fisher, to F. G. Huffman, dated December 27, 1944, to which deeds and the record thereof respectively in Volumes Y-2, page 207, and Volumes Y-2, page 210, Deed Records, Aransas County, Texas, reference is hereby made for all purposes;

(3) Undivided one-half ($\frac{1}{2}$) of all oil, gas, condensate, distillate, salt, sulphur and all minerals of every kind and character, metallic and/or non-metallic, solid, liquid and/or gaseous in, on and under those certain tracts of 947.682² of land out of the Ocean View lands known as Traverse #1, Traverse #2 and Traverse #4, being a part of the Kent-Crane lands out of the C. O. D. Gilliland and David Lockhard Surveys on Live Oak Peninsula, less a tract of 488 acres sold to Aransas County for an Airport, by deeds recorded in Volumes X-2, pages 355 and 357, Deed Records, Aransas County, Texas, which said undivided one-half ($\frac{1}{2}$) of said minerals, together with the perpetual rights of ingress and egress to enter upon said premises to operate for and remove said minerals the grantors reserved to themselves in a certain deed executed and delivered by William Kent, Jr., Trustee of the Estate of William Kent, Deceased, and Lawracon Riggs, Jr., and others as Trustees of the Estate of Charles R. Crane, Deceased, and other grantors to Emory M. Spencer dated June 30, 1945, to which deed and the record thereof in Volumes Z-2, page 8, Deed Records, Aransas County, Texas, reference is hereby made for all purposes;

and containing 2716.382 acres, more or less; In the event a resurvey of said lands shall reveal the existence of excess and/or vacant lands lying adjacent to the lands above described and the lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this lease shall cover and include all such excess and/or vacant lands which the lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

2. Subject to the other provisions herein contained, this lease shall be for a term of twenty (20) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder.

3. The royalties to be paid Lessor are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$100.00 per well per year, and upon such payment it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be One Dollar (\$1.00) per long ton. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's or his grantee's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in the First National Bank in Houston, at Houston, Texas (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Five Hundred (\$500.00) Dollars, (herein called rental), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender or rental may be made by the check or draft of Lessee mailed or delivered to said bank on or before such date of payment, If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail, ~~liquidate or be succeeded by another bank, or for any reason fail or~~ refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be twenty cents (20c) per acre per year on each acre not released and in which Lessor has an interest. In this connection the above described premises shall be treated as comprising 2716.392 acres, whether there be more or less.

5. If prior to discovery of oil or gas on said land Lessee should drill a dry hole ^{therein} thereof, or if after discovery of oil or gas the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or re-working operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of pro-

duction. If at the expiration of the primary term oil, gas or other minerals is not being produced on said land but Lessee is then engaged in drilling or re-working operations thereon, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas or other minerals so long thereafter as oil, gas or other mineral is produced from said land. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred (300) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor or his grantees, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's or his grantees' consent.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, successors and assigns, but no change or divisions in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No sale or assignment by Lessor shall be binding on Lessee until Lessee shall be furnished with a certified copy of recorded instrument evidencing same. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be twenty cents (20¢) per acre per year on each acre held by each leasehold owner, lessee and/or assignees, in which Lessor has an interest and/or in the event of the assignment of this lease as to some particular minerals only, the rentals payable hereunder shall be twenty cents (20¢) per acre per year on each acre held by each leasehold owner, lessee and/or assignees in which Lessor has an interest, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall ^{not} work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part save as herein expressly provided. If the obligation for reasonable development should require the drilling of a well or wells, Lessee shall have ninety (90) days after ultimate judicial ascertainment of the existence of such obligation within which to begin the drilling of a well, and the only penalty for failure to do so shall be ^{the} termination of this lease save as to ten (10) acres for each well ^{worked} on and/or being drilled and/or producing oil or gas to be selected by Lessee so that each 10-acre tract will embrace one such well.

9. Lessor (the undersigned in their respective capacities only) hereby warrants and agrees to defend (as to undersigned's respective interests) the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warrant in event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately, and it is understood, as indicated in the description of the leased premises, that as to some of the acreage covered by this lease the Lessor does own an interest in the minerals therein less than the entire fee simple estate

therein, and it is likewise understood that as to such the royalties provided for herein to be paid to Lessor shall be reduced proportionately; however, the rentals to be paid Lessor shall not be reduced unless the Lessor owns an interest in said minerals less than the ownership as indicated in the description of the leased premises, and then, and only in that event, such rentals shall be reduced proportionately.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

William Kent, Jr. as Sole and Surviving Trustee of the Estate of William Kent, deceased.
Lawrason Riggs, Jr.
Frances Anita Crane
John O. Crane
FIDUCIARY TRUST COMPANY OF NEW YORK,

(Seal) ATTEST:
Carl A. Dengel
Assistant Secretary

By Lee C. Robinson Vice President
Josephine Crane Bradley
NORTHERN TRUST COMPANY OF ILLINOIS

(Seal) ATTEST:
A.E. Percival
Asst. Secretary

By C.A. Zoll Second Vice President
As Trustees under the Will of Charles R. Crane, deceased.

Bruce Crane Fisher, Individually
Frederick S. Fisher Jr.
By Bruce Crane Fisher
As his Agent and Attorney in Fact

LESSOR

Emory M. Spencer

LESSEE

\$1.10 U. S. I. R. D. Stamps Cancelled.

STATE OF CALIFORNIA,

CITY AND COUNTY OF SAN FRANCISCO:

BEFORE ME, the undersigned authority, on this day personally appeared William Kent, Jr., Sole and Surviving Trustee of the Estate of William Kent, deceased, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this the 25th day of May, A.D. 1946.

Louis Wiener
NOTARY PUBLIC in and for SAN FRANCISCO
COUNTY, CALIFORNIA
My Commission expires: Aug. 19-1947

(Seal)

STATE OF NEW YORK,

COUNTY OF NEW YORK:

BEFORE ME, the undersigned authority, on this day personally appeared Lawrason Riggs, Jr., one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 3rd day of May, A.D. 1946.

Queens Co. Clerk's No. 2726, Rev. No. 126-W-7
New York Co. Clerk's No. 463, Reg. No. 355-W-7
My Commission Expires March 30, 1947.

(Seal) Veronica M. Walsh
NOTARY PUBLIC in and for New York.
COUNTY, New York.

STATE OF MASSACHUSETTS

COUNTY OF BARNSTABLE

BEFORE ME, the undersigned authority, on this day personally appeared Frances Anita Crane, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 29th day of April, A.D. 1946.

Given under my hand and seal of office this the 29th day of April, A.D. 1946.

Summer Crosby
NOTARY PUBLIC in and for Barnstable
COUNTY, _____
My Commission Expires May 14, 1948.

(Seal)

STATE OF NEW YORK
COUNTY OF NEW YORK:

BEFORE ME, the undersigned authority, on this day personally appeared John O. Crane, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 2nd day of May, A.D. 1946.

Queen's Co. Clerk's No. 2726, Rev. No. 126-W-7
New York Co. Clerk's No. 463, Rev. No. 355-W-7
(Seal) My Commission Expires March 30, 1947.
Vernica M. Walsh
NOTARY PUBLIC in and for NEW YORK
COUNTY, N. Y.

STATE OF NEW YORK,
COUNTY OF NEW YORK:

BEFORE ME, the undersigned authority, on this day personally appeared Lee C. Robinson Vice-President of Fiduciary Trust Company of New York, a corporation, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

Given under my hand and seal office this the 3rd day of May, A.D. 1946.

Beatrice R. Dunigan
NOTARY PUBLIC in and for NEW YORK
COUNTY, NEW YORK
N. Y. Co. Clk's. No. 299, Reg. No. 475-D-7
Commission Expires March 30, 1947.

(Seal)

STATE OF WISCONSIN
COUNTY OF DAKE

BEFORE ME, the undersigned authority, on this day personally appeared Josephine Crane Bradley, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 20th day of May, A.D. 1946.

DUDLEY H. DAVIS
NOTARY PUBLIC in and for DAKE
COUNTY, Wisconsin
My Commission Expires June 8th 1947.

(Seal)

STATE OF ILLINOIS,
COUNTY OF COOK:

BEFORE ME, the undersigned authority, on this day personally appeared C.A. Zoll, Second Vice-President of NORTHERN TRUST COMPANY OF ILLINOIS, a corporation, one of the Trustees under the Will of Charles R. Crane, deceased, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation, and in the capacity therein stated.

Given under my hand and seal of office this the 14th day of May, A.D. 1946.

A. B. Lindahl
NOTARY PUBLIC in and for COOK
(Seal) My Commission Expires January 19, 1949. COUNTY, ILLINOIS

STATE OF VIRGINIA,
COUNTY OF CHARLES CITY

BEFORE ME, the undersigned authority, on this day personally appeared Mrs. Bruce Crane Fisher, Individually, and as agent and attorney in fact for her husband, Frederick S. Fisher, Jr., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacities therein stated.

Given under my hand and seal of office this the 6 day of May, A.D. 1946.

Edwin M. Crostic
NOTARY PUBLIC in and for VIRGINIA
COUNTY, CHARLES CITY.

(Seal) Commission Expires. June 30, 1946.

STATE OF TEXAS,
COUNTY OF ARANSAS:

BEFORE ME, the undersigned authority, on this day personally appeared EMORY M. SPENCER, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office this the 31 day of May, A.D. 1946.

Alice M. Haney
NOTARY PUBLIC, in and for ARANSAS
COUNTY, TEXAS.

(Seal)
Recorded June 12, 1946 at 4:15 P. M.

J. M. Spake
County Clerk, Aransas County, Texas.

#9657
ARANSAS DOCK & CHANNEL COMPANY TO PRESCOTT WILLIAMS
DATED MAY 30, 1946 .

OIL, GAS AND MINERAL LEASE.
FILED JUNE 5, 1946 at 11:20 A. M.

OIL, GAS AND MINERAL LEASE #70132

THIS AGREEMENT made this 30th. day of May 1946, between --Aransas Dock & Channel Company, a Texas corporation of Aransas Pass, Texas, Lessor (whether one or more), and --Prescott Williams-Lessee, WITNESSETH:

1. Lessor in consideration of --TEN & no/100---Dollars (\$10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Aransas County, Texas, to-wit:

All of that part of that certain tract of land conveyed by Burton and Danforth to Aransas Pass Channel and Dock Company by deed dated December 18, 1913, recorded in Vol. D-2, page 553 of the Deed Records of said County, which lies along the shore of Red Fish Bay and north of the South line of BBB&C Survey patented under Scrip 220, said land being a part of the said BBB&C Survey, the Elizabeth Fally Survey, the John H. Phillips Survey, the Jas. McKay Survey, and the Charles L. Zenn Survey, and containing 252.1 acres more or less.

Lessee is hereby given the right and power to pool and combine the oil rights in the land covered by this lease or any portion thereof with the oil rights in any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, provided that no unit so created shall exceed 20 acres in area. If production is found on the pooled acreage, it shall be treated as if production is had from this lease whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particu-

Railroad Commission of Texas

PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

CONDITIONS AND INSTRUCTIONS

Permit Invalidation. It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

Notice Requirements. Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

Permit expiration. This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

Drilling Permit Number. The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

Rule 37 Exception Permits. This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

Before Drilling

Fresh Water Sand Protection. The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection, Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

Accessing the Well Site. If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

Water Transport to Well Site. If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

*NOTIFICATION

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

During Drilling

Permit at Drilling Site. A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

***Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown the on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

*Notification of Re-completion/Re-entry. The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

Completion and Plugging Reports

Hydraulic Fracture Stimulation using Diesel Fuel: Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to EXCLUDE " ...the underground injection of fluids or propping agents (other than diesel fuels) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

Producing Well. Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within thirty (30) days after completion of the well or within ninety (90) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s (if required) must be submitted with no double assignment of acreage.

Dry or Noncommercial Hole. Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

Intention to Plug. The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

*Notification of Plugging a Dry Hole. The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Texas Commission on Environmental Quality letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE
(512) 463-6751

MAIL:
PO Box 12967
Austin, Texas, 78711-2967

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 804573	DATE PERMIT ISSUED OR AMENDED Mar 12, 2015	DISTRICT * 04		
API NUMBER 42-007-30923	FORM W-1 RECEIVED Mar 11, 2015	COUNTY ARANSAS		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 488		
OPERATOR HURD ENTERPRISES, LTD. 7373 BROADWAY SUITE 200 SAN ANTONIO, TX 78209-0000 419886		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113		
LEASE NAME ACA		WELL NUMBER 1		
LOCATION 0 miles Within direction from ROCKPORT		TOTAL DEPTH 9000		
Section, Block and/or Survey SECTION ← BLOCK ← ABSTRACT ← 97 SURVEY ← LOCKARD, D				
DISTANCE TO SURVEY LINES 3500 ft. N 2550 ft. NW		DISTANCE TO NEAREST LEASE LINE 500 ft.		
DISTANCE TO LEASE LINES 3500 ft. N (OFF LEASE) 2550 ft. NW(OFF LEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE	DIST
FULTON BEACH (A-3) ACA	488.00 500	9,000	1 0	04
WELLBORE PROFILE(s) FOR FIELD: Directional				
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 500.0 F S L 2175.0 F NW L Survey Lines: 2975.0 F N L 2175.0 F NW L				
FULTON BEACH (A-4-6) ACA	488.00 500	9,000	1 0	04
WELLBORE PROFILE(s) FOR FIELD: Directional				
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 500.0 F S L 2175.0 F NW L Survey Lines: 2975.0 F N L 2175.0 F NW L				
FULTON BEACH (B-3-8) ACA	488.00 500	9,000	1 0	04

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

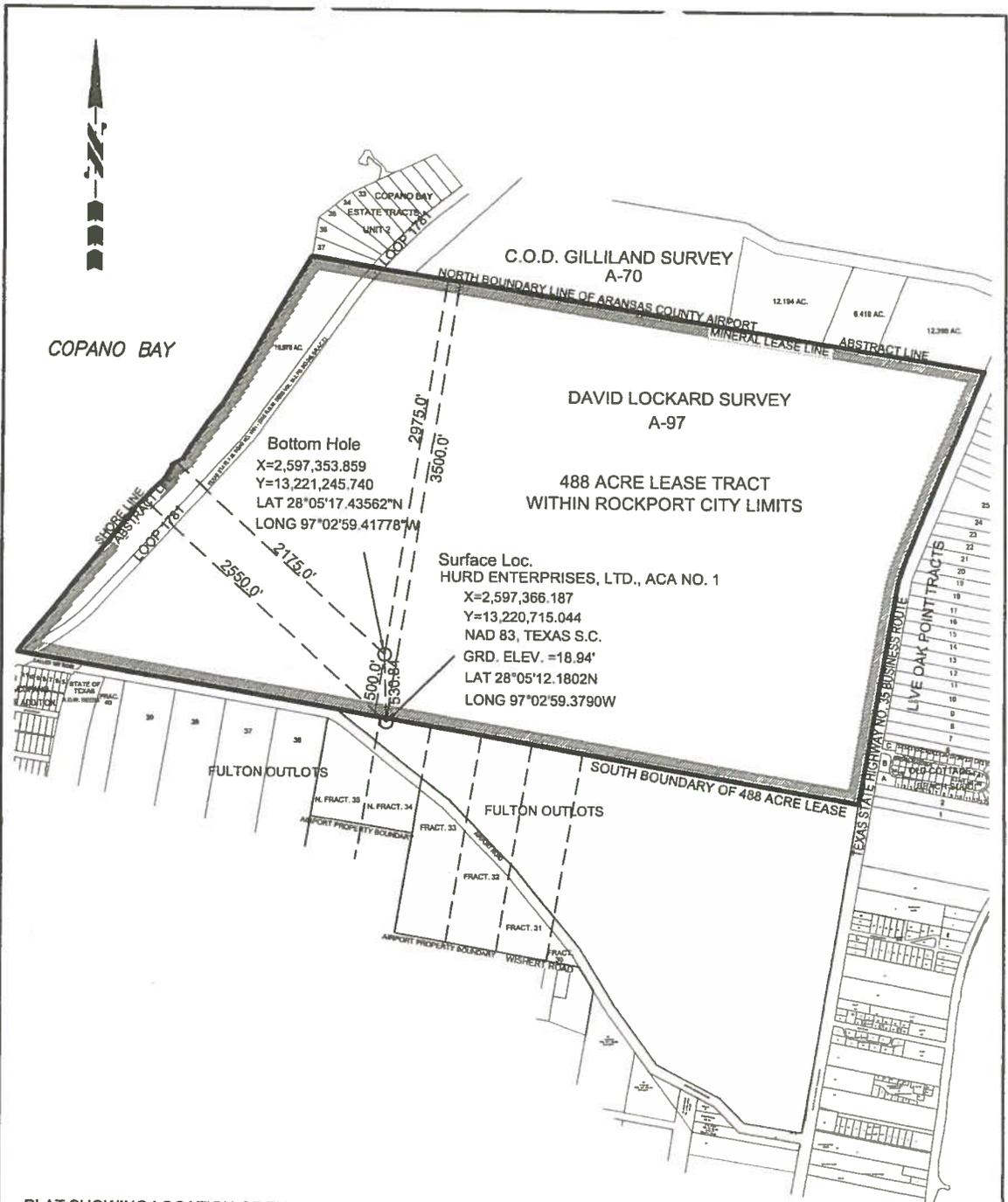
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DISTANCE TO LEASE LINES 3500 ft. N (OFF LEASE) 2550 ft. NW(OFF LEASE)		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE
	WELL # NEAREST WE	DIST
----- WELLBORE PROFILE(S) FOR FIELD: Directional -----		
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 500.0 F S L 2175.0 F NW L Survey Lines: 2975.0 F N L 2175.0 F NW L		
<p style="text-align: center;">THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</p> <p>This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.</p> <p>This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.</p>		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
SWR #13 Formation Data

ARANSAS (007) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
GOLIAD	1,300	2,100	injection/disposal	1	12/17/2013
MIOCENE-LAGARTO-OAKVILLE	1,450	5,300	injection/disposal	2	12/17/2013
CATAHOULA-ANAHUAC	2,800	6,000	injection/disposal	3	12/17/2013
CATAHOULA-FRIO	4,200	13,000	injection/disposal; H2S	4	12/17/2013
VICKSBURG	9,800	11,500		5	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. Formation "TOP" information listed reflects an estimated range based on geologic variances across the county. To clarify, the "Deep Top" is not the bottom of the formation; it is the deepest depth at which the "TOP" of the formation has been or might be encountered. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.
<http://www.rrc.state.tx.us/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



PLAT SHOWING LOCATION OF THE HURD ENTERPRISES, LTD., ACA NO. 1 PROPOSED WELL LOCATION LOCATED ON THE ARANSAS COUNTY AIRPORT, DAVID LOCKARD SURVEY A-97, ARANSAS COUNTY, TEXAS. THE SURFACE LOCATION SCALES 3500' SOUTH OF THE NORTH LINE AND 2175' SOUTHEAST OF THE NORTHWEST LINE OF THE DAVID LOCKARD SURVEY. THE BOTTOM LOCATION SCALES 2975' SOUTH OF THE NORTH LINE AND 2175' SOUTHEAST OF THE NORTHWEST LINE OF THE DAVID LOCKARD SURVEY. BOTTOM HOLE SCALES 500' NOTRH OF SOUTH BOUNDARY OF 488 ACRE LEASE.

HURD ENTERPRISES, LTD.		
ACA #1		
DAVID LOCKARD SURVEY, A-97		
ARANSAS COUNTY, TEXAS		
Drawn By: DM	Dated: 3-6-15	Scale: 1" = 1,000'



ALL COORDINATES ARE TEXAS STATE PLANE SOUTH CENTRAL ZONE (NAD 83)

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 11

Hear, deliberate and act on a presentation from Cheniere regarding area needs, traffic & site construction status, and project updates.

SUBMITTED BY: Mayor Charles J. Wax

APPROVED FOR AGENDA: PKC

BACKGROUND: Mr. Will Nichols with Cheniere Energy will give a presentation on their Corpus Christi LNG project. Please see the accompanying project synopsis for additional information. Mr. Nichols will bring a more detailed presentation with him to the meeting.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Not an action item.



Corpus Christi Project

Corpus Christi Liquefaction Project

Corpus Christi Liquefaction, LLC (Corpus Christi Liquefaction), a subsidiary of Cheniere Energy, is developing a liquefied natural gas (LNG) export terminal at one of Cheniere's existing sites that was previously permitted for a regasification terminal. The liquefaction project is being designed for three trains with expected aggregate nominal production capacity of up to 13.5 million tonnes per annum (mtpa) of LNG. After receiving all necessary regulatory permits, Cheniere reached Final Investment Decision (FID) and issued the notice to proceed to commence construction on the first two liquefaction trains on May 13, 2015, and is continuing to market production from Train 3.

The Corpus Christi site is located on the La Quinta Channel on the northeast side of Corpus Christi Bay in San Patricio County, Texas, on over 1,000 acres owned or controlled by Cheniere and is approximately 15 nautical miles from the coast. The Corpus Christi Liquefaction Project is expected to be constructed in phases, with each 4.5 mtpa LNG train commencing operations approximately six to nine months after the previous train.

To date, 8.42 mtpa has been contracted to third party, foundation customers on a long-term FOB basis under sale and purchase agreements (SPAs). Foundation customers include Pertamina, Endesa, Iberdrola, Gas Natural Fenosa, Woodside, EDF and EDP. Trains 1&2 are fully contracted and Train 3 is partially contracted. Any excess capacity not sold under long-term SPAs to foundation customers would be available for Cheniere Marketing to purchase. Services under the SPAs include procuring the natural gas, liquefying the natural gas and loading LNG onto the customer's vessels.

The Corpus Christi Liquefaction Project is positioned near some of the most prolific oil and gas producing regions in the country. Texas alone produced 28% of total U.S. marketed gas production during 2014, according to data from the U.S. Energy Information Agency. Cheniere is building a 23-mile 48" pipeline that would connect the Corpus Christi LNG plant to several interstate and intrastate pipelines, giving the facility access to robust gas resources in Texas and the Gulf Coast. In addition, Cheniere is securing transport capacity on third-party pipelines under long-term agreements. Natural gas supply would be purchased from producers and marketers on a short and long-term basis to form a balanced portfolio of natural gas feedstock.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 12

Deliberate and act on contract with Lockwood, Andrews, & Newnam Engineering to assist with floodplain management initiatives and the National Flood Insurance Program's Community Rating System.

SUBMITTED BY: Public Works Director, Michael S. Donoho, Jr

APPROVED FOR AGENDA: PKC

BACKGROUND: On February 17, 2016, the new FEMA Flood Insurance Rate Maps will go into effect and an updated Flood Ordinance will be adopted.

In preparation for these required changes, on October 2, 2015, Lockwood Andrews and Newman, Inc. (LAN) Engineering provided an informational training session to community stakeholders regarding the benefits of setting higher floodplain development standards and participating in the CRS. In addition to CRS participation resulting in lower flood insurance premiums for local policy holders, CRS floodplain management activities provide enhanced public safety, reduced damage to property and public infrastructure, and avoidance of economic disruption and loss. LAN Engineering will provide assistance to City staff regarding the CRS application process, community outreach and information initiatives, floodplain management and flood hazard mitigation efforts, elevation certificate documentation, FEMA Community Assistance Visit, as well as, recertification.

FISCAL ANALYSIS: The estimated contract cost for services is \$51,655.00. Funds for this request are available in the Professional Services line item, to be taken from both Public Works and Building and Development Departments.

RECOMMENDATION: Staff recommends approving this contractual service with Lockwood Andrews and Newman, Inc. (LAN) Engineering in the amount not to exceed \$51,655.00.

Community Rating System

Helping clients protect property values

Cathy Meek, CFM, LRA



Lockwood, Andrews
& Newnam, Inc.
A LEO A DALY COMPANY

Community Rating System (CRS)

- Available for National Flood Insurance Program (NFIP) communities in good standing
 - Incentive-based program to reduce flood damage
- Strengthens local NFIP program
 - Adopt higher NFIP regulatory standards for development and to mitigate flood risk
- **Provides resident policyholders with discounted flood insurance premiums**
 - Incremental CRS credits earn greater discounts

The NFIP and Biggert-Waters Reform Act

- National Flood Insurance Program (NFIP) is \$24 billion in debt
- Designed to allow premiums to reflect the true risk of living in high-flood areas
- Actuarial rate increase for secondary or vacation homes; up to a 10-fold increase in premiums
- CRS requires higher regulatory standards for development that results in a more flood-resilient community and lower premiums

Insurance Discounts & Participation

(Rating Class improves for each 500 credits in 5% increments)

Class	Credits	Discount
10	0-499	0%
9	500-999	5%
8	1,000-1,499	10%
7	1,500-1,999	15%
6	2,000-2,499	20%
5	2,500-2,999	25%
4	3,000-3,499	30%
3	3,500-3,999	35%
2	4,000-4,499	40%
1	4,500+	45%

Community	Class	Discount
Arlington	7	15%
Austin	6	20%
Bryan	6	20%
Conroe	7	15%
Corpus Christi	7	15%
Dallas	5	25%
Fort Worth	8	10%
Galveston	7	15%
Houston	5	25%
Lubbock	7	15%
New Braunfels	6	20%
Pflugerville	7	15%

Insurance Savings for Rockport at Class 7 Rating (15% discount)

	Special Flood Hazard Area	Flood Zone X/AR/A99	Total
Policies in Force	519	1,582	2,101
Annual Premiums	\$360,880	\$783,387	\$1,144,267
ANNUAL SAVINGS	\$104 Per Policy (avg.)	\$42 Per Policy (avg.)	\$64,673**

***** Greater savings will be reflected as additional properties are included in the SFHA on updated FEMA Flood maps***

Credit-Earning Activities

Public Information

- Elevation certificates
- Map information
- Outreach projects
- Hazard disclosure
- Flood protection information
- Flood protection assistance

Mapping & Regulations

- Additional flood data
- Open space preservation
- Higher regulatory standards
- Flood data maintenance
- Stormwater management

Flood Damage Reduction

- Floodplain management planning
- Acquisition & relocation
- Flood protection
- Drainage system maintenance

Flood Preparedness

- Flood warning program
- Levee safety
- Dam safety

Note: Most Texas Communities will classify as a 7 for ongoing/existing activities

Community Benefits of CRS

- Reduce flood damage to property through higher standards
- Strengthen the local National Flood Insurance program (NFIP)
- CRS outreach will increase flood policy count community-wide
- Recover from flood disasters more efficiently and more quickly
- Direct monetary benefit to citizens

Integrating Other Planning Mechanisms into CRS

Hazard Mitigation Action Plan (HMAP)

- Disaster Mitigation Act of 2000 requires communities to mitigate risk to natural hazards that affect the community such as flood, hurricane, tornado, wildfire, through development of an HMAP. Communities qualify for funding to develop and implement pre- and post-disaster activities or projects in the HMAP. Rockport is part of Coastal Bend Council of Governments (CBCOG) HMAP, expiring in 2017.
- Some of the flood mitigation actions in the HMAP may be identified in the CRS program for CRS credit, and funded under FEMA grants.

Integrating Other Planning Mechanisms into CRS

- The CRS program entails review of ongoing measures to address the flood hazard, maximize CRS points, prioritize flood projects, and apply for FEMA grant funding.

Plan review includes:

- Drainage Master Plan, Stormwater Plan, Capital Improvement Projects (CIP) addressing development requirements and Stormwater and drainage criteria
- Open space preservation
- Drainage system maintenance
- Floodplain ordinance, permitting, and Elevation Certificate record-keeping, and recommendations for improvement
- Emergency Operations plan (preparedness, response, and warnings)
- Development of a public outreach program and optional ***'Program for Public Information' (PPI), and 'Floodplain Management Plan' (FMP)***

Other CRS Programs

Floodplain Management Plan (FMP)

- This CRS activity is development of a stand-alone, in-depth analysis of programs, projects, and measures that will reduce the adverse impact of the flood hazard on the community. It incorporates all other related planning mechanisms such as drainage and stormwater plans, and Emergency Operations Plan, and those previously cited.
- An FMP is required as part of CRS if the community has at least 10 repetitive loss properties (RL). An FMP follows a 10-step planning process similar to the HMAP. An HMAP may be used as a basis for development of the FMP with a maximum credit is 50 points.

Note: Since the City of Rockport's HMAP will be expiring in 2017, it may be advantageous to develop the FMP when the HMAP is updated.

Maximum Credit for this activity is 382 points

Other CRS Programs

Program for Public Information (PPI)

- Public information and outreach is a critical component of a CRS program. CRS credits local activities that advise people about the flood hazard, flood insurance, and flood protection measures. The activities may be community-wide, and target specific groups such as residents in the floodplain. A PPI can help design an entire public information program, not just outreach projects. A PPI may include public information endeavors such as updating the community website, developing a community newsletter, or brochure. One activity, maintaining Elevation Certificates, is a mandatory element of the CRS program.

A primary advantage to developing a PPI is that this element is a 40% multiplier for each Outreach Project identified in the CRS program

About LAN

- Founded in 1935
- Full-service engineering, planning, and program management firm
- 21 offices nationwide
- Over 50 years' combined staff experience in NFIP/FEMA program management, CRS, and hazard mitigation planning



Questions?



**Lockwood, Andrews
& Newnam, Inc.**

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Thank You

Contact:

Scott Harris, P.E.
Regional Manager
361-876-6395

smharris@LAN-inc.com

Cathy Meek, CFM, LRA
CRS / Floodplain Mitigation Manager
512-338-2732

CLMeek@lan-inc.com

Janine Ellington, CFM
CRS Program Manager
830-660-1209

JEEllington@lan-inc.com



**Lockwood, Andrews
& Newnam, Inc.**

A LEO A DALY COMPANY

Community Rating System (CRS) Program Application Support

The following scope details the tasks performed to support the City of Rockport, or the *City*, in their application to join the Community Rating System (CRS) program. CRS is a FEMA established program designed to promote reduced flood risk through community activities such as the adoption of higher development standards with regard to flood protection and community education and outreach. Communities are eligible to receive discounted flood insurance premiums for participation in the CRS program.

There are five phases to the CRS Application Process:

1. Completion of the CRS Application and submittal to Insurance Services Office (ISO);
2. The Application triggers a Community Assistance Visit (CAV) from FEMA;
3. Community generates the required documentation while waiting for CAV completion;
4. ISO Visit with the City after the CAV is complete to submit activity documentation;
5. Post ISO visit follow-up to finalize documentation.

Services to be provided by LAN

Lockwood Andrews and Newman, Inc. (LAN), known as *Consultant*, provides support with all five phases of the process. A detail of each phase and the approximate timeframe for each phase is outlined below.

1. **CRS Application Preparation, Overall Plan Development, Coordination and General Project Management (10% to 15% of Project)**
 - a. General Project Management and Administration: General project management and administration will be ongoing through the period of the contract and include items such as developing and updating the project schedule, preparing contract correspondence, transmitting deliverables, documenting the quality control process, and other project oversight activities.
 - b. Project Plan: The Consultant will develop a project plan tailored to the City's application and consisting of a chronological list of activities and action items. The project plan will clearly define key steps and schedule of activities necessary to achieve project success. The plan will also clearly define the rolls and responsibilities of both the City and the Consultant for each activity.
 - c. CRS Application and Submittal: The Consultant will assist the City in preparing the application and required documentation and submit the application to ISO and FEMA Region VI.
2. **CAV Assistance (5%)**
 - a. CAV Assistance: Consultant will provide support to the City, as needed, throughout the CAV process. This generally consists of participating in the CAV process as the City's support representative.

3. CRS Activity Documentation Preparation (60% to 70% of Project)

CRS Activity Documentation Preparation: CRS activities are organized into different categories according to the 2013 CRS Coordinators Manual. These categories are referred to as Series.

- a. **300 Series: Public Information**: the Consultant will provide
 - 1) Elevation Certificate Review;
 - 2) Outreach Project Creation;
 - 3) Public Protection Information Plan creation;
 - 4) Map Information Summary;
 - 5) Flood Protection Assistance Summary; and
 - 6) Create website content for flood information.

- b. **400 Series - Mapping and Regulations**: the Consultant will provide
 - 1) Assistance in documenting Mapping Credit;
 - 2) Assistance in documenting Open Space Credit;
 - 3) Review of the City's Higher Standards Regulations Credit
 - 4) Review of the City's Stormwater Regulations.

- c. **500 Series - Flood Damage Reduction Activities**: the Consultant will provide
 - 1) Assistance in creating the required Repetitive Loss Area Maps and outreach letter.
 - 2) The consultant will review current Hazard Mitigation Action Plan for credit and if needed and can provide assistance in creating a new Floodplain Management Plan.
 - 3) Assistance in creating drainage component maps and SOP for Drainage System Maintenance

- d. **600 Series - Warning and Response**: the Consultant will provide
 - 1) Review and Submittal of the City/County Flood Warning Response Plan.
 - 2) Review and submittal of Dam Safety Credit

4. ISO Visit Support (5%)

- a. LAN will assist the City in scheduling the ISO visit and will support the City as their representative through the actual ISO visit.

5. Post ISO Visit Revisions: (10%)

- a. Review and Revise Based on Comments: After Verification Visit with ISO, the consultant will review comments given to the city and implement any changes or corrections to the activities that received comments.
- b. CRS Submittal: the consultant will compile all documentation for each activity making a copy for submittal to ISO, a copy to the city and a copy for consultant.

- c. Develop Recertification Packet: the Consultant will create a recertification packet, with directions, for the city to use for their annual recertification, based on the new submittal.

Services to be provided by The City

To complete the CRS application and acceptance process requires action and activity from both the Consultant and the City. The following items outline the role of the City in the CRS application process.

1. If possible, the City should complete the Community Self Assessment at www.CRSResouces.org under Activity 240. This assessment will assist with expediting the application process.
2. Providing documents such as permit records, regulations, maps, etc., in order to demonstrate proof that the City is conducting each activity specified.
3. Should the City decides to undertake a Public Protection Information (PPI) Plan under Activity 330, the City will be required to create a PPI Committee dedicated to instituting viable floodplain information outreach projects for the residents of the City.
4. The City is required to coordinate and respond to FEMA or State NFIP requirements and requests throughout the CAV process.

CITY OF ROCKPORT CRS APPLICATION FEE ESTIMATE

TASK #	DESCRIPTION OF WORK TASKS	PROJECT MANAGER	CRS SPECIALIST	PROJECT ENGINEER	ADMIN	TOTAL HOURS	LABOR COSTS
1	Overall Plan Development, Coordination and General Project Management						
a	General Project Management and Administration	6			3	9	\$ 1,665.00
b	CRS Application		16			16	\$ 2,400.00
c	CAV Assistance		5			5	\$ 750.00
d	Project Plan	16	8			24	\$ 5,040.00
	Total	22	29	0	3	54	\$ 9,855.00
2	CRS Submittal Preparation**						
a	300 Services: Public Information Activities		60			60	\$ 9,000.00
b	400 Services: Mapping and Regulations	4	60	3		67	\$ 10,320.00
c	500 Services: Flood Damage Reduction Activities		65			65	\$ 9,750.00
d	600 Services: Warning and Response		20			20	\$ 3,000.00
	Total	4	205	3	0	212	\$ 32,070.00
3	Post ISO Revisions						
a	Review and Revise Based on Comments		24			24	\$ 3,600.00
b	CRS Submittal		2			2	\$ 300.00
c	Develop Recertification Packet		16			16	\$ 2,400.00
	Total	0	42	0	0	42	\$ 6,300.00
	TOTAL HOURS	26	276	3	3	308	
	Contract Labor Rate	\$240.00	\$150.00	\$120.00	\$75.00		
	TOTAL LABOR COSTS	\$6,240.00	\$41,400.00	\$360.00	\$225.00		\$48,225.00

	DIRECT COSTS	QUANTITY	UNIT	COST	TOTAL
1	PRINTING AND REPRODUCTION	1.00	LS	500.00	\$500.00
2	DELIVERIES	1.00	LS	60.00	\$60.00
	Travel Cost for In house work with the city	1.00	LS	500.00	\$2,000.00
3	MILEAGE (3 trips)	1,500.00	MILE	0.58	\$870.00
	SUB-TOTAL				\$3,430.00

TOTAL CONTRACT AMOUNT

\$51,655.00

** Estimated hours may increase depending on the actual activities the City chooses to incorporate to achieve at least a Class 7.

300 Series: Program for Public Information (PPI)

A PPI can help design an entire public information program, not just outreach projects. A PPI that covers other types of public information endeavors, such as website, newsletter, outreach brochure, etc., can result in increased credit under other activities.

Note: A primary advantage to developing a PPI is that this element is a 40% multiplier that increases the points for each Outreach Project (OP) identified in the CRS program.

500 Series: Floodplain Management Plan (FMP)

The objective of this activity is to credit the production of an overall strategy of programs, projects, and measures that will reduce the adverse impact of the flood hazard on the community. A FMP is required as part of CRS if the community has at least 10 repetitive loss properties (RL). The FMP follows a 10-step planning process similar to a community's FEMA Hazard Mitigation Action Plan (HMAP). The community's HMAP may be used in place of an FMP. However, the HMAP will provide a maximum of 50 points activity credit. A stand-alone FMP maximum credit is 382 points.

CITY OF ROCKPORT CRS APPLICATION FEE ESTIMATE OPTIONAL ADDITIONAL SERVICES

TASK #	DESCRIPTION OF WORK TASKS	PROJECT MANAGER	CRS SPECIALIST	PROJECT ENGINEER	ADMIN	TOTAL HOURS	LABOR COSTS
1	300 Series PPI Plan						
a	Review HMAP and other Plan Review and recommended Outreach Projects		20			20	\$ 2,500.00
b	Work With PPI Committee to final ize projects		40			40	\$ 5,000.00
c	Draft PPI Plan		80			80	\$ 10,000.00
d	Analyze Outreach options		30			30	\$ 3,750.00
e	Submit Plan for ISO/FEMA for Review		4			4	\$ 500.00
f	Create Flood Response Plan		12			12	\$ 1,500.00
	Total	0	186	0	0	186	\$ 23,250.00
2	500 Series: Floodplain Management Plan						
a	Organize the Planning Process; review HMAP and Other Plans to Integrate		10			10	\$ 1,250.00
b	Work with FMP Committee to Develop Projects		40			40	\$ 5,000.00
c	Create an Outreach Process for public involvement		15			15	\$ 1,875.00
d	Incorporate Existing Planning Mechanisms		10			10	\$ 1,250.00
e	Assess the Flood Hazard		15			15	\$ 1,875.00
f	Assess the Community's Flood Problem areas		20			20	\$ 2,500.00
g	Set Goals		25			25	\$ 3,125.00
h	Review Possible Activities		25			25	\$ 3,125.00
i	Draft Community Actions		25			25	\$ 3,125.00
j	Provide sample Resolution for community adoption of Plan		3			3	\$ 375.00
k	Advisement on implementation and updating newly adopted Plan		3			3	\$ 375.00
	Total	0	191	0	0	191	\$ 23,875.00
	Total Hours	0	377	0	0	377	
	Contract Labor Rate	\$240.00	\$125.00	\$120.00	\$75.00		
	TOTAL LABOR COSTS	\$0.00	\$47,125.00	\$0.00	\$0.00	\$0.00	\$47,125.00

** Estimated hours may increase depending on the actual activities the City chooses to incorporate to achieve at least a Class 7.

National Flood Insurance Program Community Rating System

A Local Official's Guide to
Saving Lives

Preventing Property Damage

Reducing the Cost of Flood Insurance

FEMA B-573 / May 2015



FEMA

How the Community Rating System Works

Every year, flooding causes hundreds of millions of dollars' worth of damage to homes and businesses around the country. Standard homeowners and commercial property policies do not cover flood losses. So, to meet the need for this vital coverage, the Federal Emergency Management Agency (FEMA) administers the National Flood Insurance Program (NFIP).

The NFIP offers reasonably priced flood insurance in communities that comply with minimum standards for floodplain management.

The NFIP's Community Rating System (CRS) recognizes community efforts beyond those minimum standards by reducing flood insurance premiums for the community's property owners. The CRS is similar to — but separate from — the private insurance industry's programs that grade communities on the effectiveness of their fire suppression and building code enforcement.

CRS discounts on flood insurance premiums range from 5% up to 45%. Those discounts provide an incentive for new flood protection

activities that can help save lives and property in the event of a flood.

To participate in the CRS, your community can choose to undertake some or all of the 19 public information and floodplain management activities described in the *CRS Coordinator's Manual*.

You're probably already doing many of these activities. To get credit, community officials will need to prepare an application documenting the efforts.

The CRS assigns credit points for each activity. Table 2 lists the activities and the possible number of credit points for each one. The table also shows the average number of credit points communities earn for each activity. These averages may give a better indication than the maximums of what your community can expect.

To be eligible for a CRS discount, your community must do Activity 310, Elevation Certificates. If you're a designated repetitive loss community, you must also do Activity 510,

Floodplain Management Planning. All other activities are optional.

Based on the total number of points your community earns, the CRS assigns you to one of ten classes. Your discount on flood insurance premiums is based on your class.

For example, if your community earns 4,500 points or more, it qualifies for Class 1, and property owners

in the floodplain get a 45% discount. If your community earns as little as 500 points, it's in Class 9, and property owners in the floodplain get a 5% discount. If a community does not apply or fails to receive at least 500 points, it's in Class 10, and property owners get no discount.

Table 1, below, shows the number of points required for each class and the corresponding discount.

Table 1:

How much discount property owners in your community can get

Rate Class	Discount		Credit Points Required
	SFHA*	Non-SFHA**	
1	45%	10%	4,500 +
2	40%	10%	4,000 - 4,499
3	35%	10%	3,500 - 3,999
4	30%	10%	3,000 - 3,499
5	25%	10%	2,500 - 2,999
6	20%	10%	2,000 - 2,499
7	15%	5%	1,500 - 1,999
8	10%	5%	1,000 - 1,499
9	5%	5%	500 - 999
10	0%	0%	0 - 499

* Special Flood Hazard Area

** Preferred Risk Policies are available only in B,C, and X Zones for properties that are shown to have a minimal risk of flood damage. The Preferred Risk Policy does not receive premium rate credits under the CRS because it already has a lower premium than other policies. Although they are in SFHAs, Zones AR and A99 are limited to a 5% discount. Premium reductions are subject to change.

Table 2:

What You Can Do to Get Credit

The CRS grants credit for 19 different activities that fall into four series:

Series 300	Public Information	Maximum Points*	Average Points*
	<p>This series credits programs that advise people about the flood hazard, flood insurance, and ways to reduce flood damage. The activities also provide data that insurance agents need for accurate flood insurance rating.</p>		
310	<p>Elevation Certificates</p> <ul style="list-style-type: none"> Maintain FEMA elevation certificates for new construction in the floodplain. (At a minimum, a community must maintain certificates for buildings built after the date of its CRS application.) 	116	46
320	<p>Map Information Service</p> <ul style="list-style-type: none"> Provide Flood Insurance Rate Map (FIRM) information to people who inquire, and publicize this service. 	90	63
330	<p>Outreach Projects</p> <ul style="list-style-type: none"> Send information about the flood hazard, flood insurance, flood protection measures, and/or the natural and beneficial functions of floodplains to flood-prone residents or all residents of a community. 	350	63
340	<p>Hazard Disclosure</p> <ul style="list-style-type: none"> Real estate agents advise potential purchasers of flood-prone property about the flood hazard. Regulations require notice of the hazard. 	80	14
350	<p>Flood Protection Information</p> <ul style="list-style-type: none"> The public library and/or community's website maintains references on flood insurance and flood protection. 	125	33
360	<p>Flood Protection Assistance</p> <ul style="list-style-type: none"> Give inquiring property owners technical advice on how to protect their buildings from flooding, and publicize this service. 	110	49
370	<p>Flood Insurance Promotion</p>	110	0
Series 300	Total	981	268

*Maximum and average points are subject to change. See the current *CRS Coordinator's Manual* for the latest information.

Series 400	Mapping and Regulations	Maximum Points*	Average Points*
	This series credits programs that provide increased protection to new development.		
410	Floodplain Mapping <ul style="list-style-type: none"> • Develop new flood elevations, floodway delineations, wave heights, or other regulatory flood hazard data for an area not mapped in detail by the flood insurance study. • Have a more restrictive mapping standard. 	802	65
420	Open Space Preservation <ul style="list-style-type: none"> • Guarantee that currently vacant floodplain parcels will be kept free from development. 	2,020	474
430	Higher Regulatory Standards <ul style="list-style-type: none"> • Require freeboard. • Require soil tests or engineered foundations. • Require compensatory storage. • Zone the floodplain for minimum lot sizes of 1 acre or larger. • Require coastal construction standards in AE Zones. • Have regulations tailored to protect critical facilities or areas subject to special flood hazards (for example, alluvial fans, ice jams, subsidence, or coastal erosion). 	2,042	214
440	Flood Data Maintenance <ul style="list-style-type: none"> • Keep flood and property data on computer records. • Use better base maps. • Maintain elevation reference marks. 	222	54
450	Stormwater Management <ul style="list-style-type: none"> • Regulate new development throughout the watershed to ensure that post-development runoff is no worse than pre-development runoff. • Regulate new construction to minimize soil erosion and protect or improve water quality. 	755	119
Series 400		Total	5,841
			926

Series 500	Flood Damage Reduction	Maximum Points*	Average Points*
	This series credits programs that reduce the flood risk to existing development.		
510	Floodplain Management Planning <ul style="list-style-type: none"> • Prepare, adopt, implement, and update a comprehensive flood hazard mitigation plan using a standard planning process. (This is a minimum requirement for all repetitive loss communities.) 	622	123
520	Acquisition and Relocation <ul style="list-style-type: none"> • Acquire and/or relocate flood-prone buildings so that they are out of the floodplain. 	1,900	136
530	Flood Protection (Protection of existing floodplain development by floodproofing, elevation, or minor structural projects.)	1,600	136
540	Drainage System Maintenance <ul style="list-style-type: none"> • Conduct periodic inspections of all channels and retention basins, and remove debris as needed. 	570	214
Series 500	Total	4,692	609

Series 600	Flood Preparedness	Maximum Points*	Average Points*
	This series credits flood warning, levee safety, and dam safety projects.		
610	Flood Warning and Response • Provide early flood warnings to the public, and have a detailed flood response plan keyed to flood crest predictions.	395	144
620	Levee Safety • Maintain existing levees not otherwise credited in the flood insurance rating system that provide some flood protection.	235	0
630	Dam Safety (Communities in a state with an approved dam safety program that have at least one building subject to inundation from the failure of a high-hazard-potential dam receive some credit.)	160	0
Series 600	Total	790	144
All Series	Total	12,304	1,947

Your community can get extra credit for regulating development outside the SFHA to the same standards as development inside the SFHA. Also, if your community faces growth pressures, the mapping and regulation activities in Series 400 receive extra credit. See the *CRS Coordinator's Manual* for full details.

Many communities can qualify for what the CRS calls “uniform minimum credit,” based on the activities a state or regional agency implements on behalf of its communities. For example, some states have disclosure laws eligible for credit under Activity 340, Hazard Disclosure. Any community in those states can receive the uniform minimum credit.

Your community may want to consider floodplain management activities not listed in the *CRS Coordinator's Manual*. You should evaluate these activities for their ability to increase public safety, reduce property damage, avoid economic disruption and loss, and protect the environment. In addition, you can request a review of these activities to determine whether they should be eligible for CRS credit. FEMA welcomes innovative ways to prevent or reduce flood damage.

Participation in the CRS is voluntary. If your community is in full compliance with the rules and regulations of the NFIP, you may apply. There's no application fee, and all CRS publications are free.

Your community's chief executive officer (that is, your mayor, city manager, or other top official) must appoint a CRS coordinator to handle the application work and serve as the liaison between the community and FEMA. The coordinator should know the operations of all departments that deal with floodplain management and public information. And the coordinator should be able to speak for the community's chief executive officer.

The first step in the application process is to get a copy of the CRS Application, which contains all the instructions and procedures you need for preparing and submitting your community's initial application for a CRS classification. The CRS Application includes easy-to-follow worksheets that provide credits for applicable activities. The CRS Application also identifies the documentation you must submit to support the credits you are requesting.

You may also want to order a copy of the *CRS Coordinator's Manual*, which describes the program in full and provides specific information, including eligible activities, required documentation, and resources for assistance.

Your designated CRS coordinator should fill out and submit your application. Help is also available through the contact information below. The CRS will verify the information and arrange for flood insurance premium discounts.

To order CRS publications at no charge, fax the order form on the following page to 201-748-1936, or mail to the address below. You can also e-mail your request to nfipcrs@iso.com. Both the CRS Application and the *CRS Coordinator's Manual* are also available at FEMA's CRS Resource Center website — www.training.fema.gov/emiweb/crs.

For more info, write, phone, or fax:

NFIP/CRS

P.O. Box 501016
Indianapolis, IN 46250-1016
Telephone: 317-848-2898
Fax: 201-748-1936
E-mail: nfipcrs@iso.com

Order Form

Fax to: 201-748-1936

Please send me these CRS publications:

No. of Copies	Document
_____	CRS Coordinator's Manual
_____	CRS Application

Name _____ Phone _____

Title _____

Street _____

City _____ State _____ ZIP _____

Community Name _____ NFIP Number _____
(if applicable) (if applicable)

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 13

Hear and deliberate on presentation from Aransas First on Bent Oaks Conservancy contributions.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: Dr. Earl Matthew will give an update on the contributions Aransas First has received on behalf of the Bent Oaks Conservancy for the purchase of the 8.8 acres the City has under contract in the 1500 block of Broadway.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Not an action item.

CITY COUNCIL AGENDA
Regular Meeting: Tuesday, November 17, 2015

AGENDA ITEM: 14

Deliberate and act on the purchase of trolley buses.

SUBMITTED BY: City Manager Kevin Carruth

APPROVED FOR AGENDA: PKC

BACKGROUND: Fulton Mayor Jimmy Kendrick and City Manager Kevin Carruth are scheduled to inspect three CNG trolley busses located in Michigan on November 15. On August 2, 2015, Council authorized the City Manager to negotiate and executed all necessary documents to purchase two CNG trolleys. In the event the inspection requires additional input or authorization from City Council, this agenda item is available to provide an opportunity to deliberate and act.

FISCAL ANALYSIS: N/A

RECOMMENDATION: Unknown
