

ASSET MANAGEMENT ROUTING SLIP FOR SURFACE DISPOSITION

County: Terrell File Number: 146928
 Legal Description: SW/4 of Sec 148, Blk D-10, T.C. Ry. Co. Survey
 Acreage: 160 Topo No.: _____ Date Routing Started: 12-11-2003
 Return to: Clay Cheneale Phone Number: 3-5708

INDICATE YOUR RECOMMENDATION FOR DISPOSITION BY **INITIALING & DATING** A COLUMN BELOW:

ENERGY RESOURCES

Active Mineral Lease? Yes No Lease No.: _____
 Hard Mineral Potential: NONE KNOWN
 Standard Mineral & Water Reservation? Yes No
 In Addition Specifically Reserve: _____
 Comments: _____

APPROVE

PAC
12.23.03

DENY

ASSET INSPECTIONS - UPLANDS

Surface Lease No.: _____ Type: _____
 Expiration Date: _____ Term: _____
 Annual Lease Amount: _____ Total Acres in Lease: _____
 Lessee's Name: _____
 Mailing Address: _____
 City, State, Zip: _____
 Phone No.: (____) _____ - _____
 Comments: _____
 Additional Information on back? Yes No Sent to Coastal? Yes No

TX
1/5/2004

SURVEYING

Patentable Field Notes? Yes No
 Change in: Acreage? Yes No Legal Description? Yes No
 Comments: Sale by award only

EL
1-5-04

ARCHEOLOGY

Antiquities Conservation Grant and Easement (ACE) Requested? Yes No
 THC Notified? Yes No Date Notified: 7-12-1999
 Comments: see attached

TITLE

Sell by: Land Award Deed
 Comments: 150699 DOES NOT AFFECT THIS PROPERTY
AS DISCUSSED ON THE PREVIOUS REVIEW

[Signature]
1/5/2004

ASSET INSPECTIONS – UPLANDS: Miscellaneous Easements (ME's)

ME No.: _____ Annual Lease Amount: _____ Expiration Date: _____
Type: _____ Term: _____ Width: _____ Options: _____
Easement Holder: _____
Mailing Address: _____
City, State, Zip: _____
Phone No.: (_____) _____ - _____
Comments: _____

ME No.: _____ Annual Lease Amount: _____ Expiration Date: _____
Type: _____ Term: _____ Width: _____ Options: _____
Easement Holder: _____
Mailing Address: _____
City, State, Zip: _____
Phone No.: (_____) _____ - _____
Comments: _____

ASSET INSPECTIONS – COASTAL: Commercial Leases

APPROVE SALE? Yes No Date Initialed: _____
LC No.: _____ Type: _____ Term: _____
Annual Lease Amount: _____ Total Acres in Lease: _____ Expiration Date: _____
Lessee's Name: _____
Mailing Address: _____
City, State, Zip: _____
Phone No.: (_____) _____ - _____ SCS Plan: _____ Mgmt Plan: _____
Comments: _____

LEGAL

Approve Sale? Yes No Date Initialed: 1/14/04 - SW
Sell by: Land Award Deed
Comments: Modify from prior Parting Slip to ¹⁶STANDARD WATER & Mineral
Reservation Q- what is status of surrounding property ownership

ASSET MANAGEMENT

Date Initialed: _____

Surface Lease No: _____ Type: _____

Expiration Date: _____ Term: _____

Total Acres in Lease: _____ Annual Lease Amount: _____

Lessee's - Name:

Mailing Address:

City, State, Zip:

Phone No: () _____ - _____ SCS Plan: _____ Mgmt Plan: _____

Misc. Easement No: _____ Type: _____

Expiration Date: _____ Term: _____

Width: _____ Options: _____ Annual Lease Amount: _____

Easement Holder:

Mailing Address:

City, State, Zip:

Phone No: () _____ - _____

Comments: _____

ASSET MANAGEMENT

Date Initialed: _____

Surface Lease No: _____ Type: _____

Expiration Date: _____ Term: _____

Total Acres in Lease: _____ Annual Lease Amount: _____

Lessee's - Name:

Mailing Address:

City, State, Zip:

Phone No: () _____ - _____ SCS Plan: _____ Mgmt Plan: _____

Misc. Easement No: _____ Type: _____

Expiration Date: _____ Term: _____

Width: _____ Options: _____ Annual Lease Amount: _____

Easement Holder:

Mailing Address:

City, State, Zip:

Phone No: () _____ - _____

Comments: _____

Texas General
Land Office



David Dewhurst
Commissioner

July 9, 1999

RECEIVED

JUL 12 1999

TEXAS HISTORICAL COMMISSION

Mr. Myles Miller
Texas Historical Commission
P. O. Box 12276
Austin, Texas 78711-2276

Re: cultural resources review of 65 tracts of PSF land # 146928

Dear Mr. Miller:

Enclosed are maps depicting the locations of 65 tracts of Permanent School Fund land being considered for disposition. I have reviewed each of these tracts and believe there is a low to negligible probability for the occurrence of cultural resource sites eligible for designation as State Archeological Landmarks (please note that these 65 tracts are out of a total universe of 217 sites that have been reviewed over the past several months; further review is required on the remaining 152 sites before we will be ready to submit recommendations on them).

We are recommending that these 65 tracts may be offered for sale without review.

Sincerely,

Bob D. Skiles
GLO Staff Archeologist

Stephen F. Austin Building

1700 North
Congress Avenue

Austin, Texas
78701-1495

512-463-5001

CONCUR

by William A. Mast
for F. Lawrence Oaks
State Historic Preservation Officer

Date 7/15/99

File No. 155318 ①

Terrell County

Routing Slip

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By Clay Chumack

**GENERAL LAND OFFICE
RESTRICTED APPRAISAL REPORT**

FUNCTION OF APPRAISAL: Estimate Market Value

Project ID: 04-5122

CLIENT: Asset Management

APPRAISER: Mark A. McAnally

DATE OF REPORT: March 31, 2004

EFFECTIVE DATE OF THE APPRAISAL: February 23, 2004

PROPERTY SIZE: 160 ACRE(S)

LEGAL DESCRIPTION: SW/4 of Section 148, BLK D-10,
Texas Central Railway Co. Survey
Terrell County, Texas

COUNTY: Terrell

SCHOOL FILE: 146928

PROPERTY INTEREST APPRAISED: SURFACE ONLY

TOPO SHEET #: 2902-443

Coordinates: 29058°13", 102025°50"

SUMMARY OF VALUES

Value Indicated by the Sales Comparison Approach: \$8,800

Value Indicated by Cost Approach: N/A

In my opinion the market value of the subject property is: \$8,800

PURPOSE AND INTENDED USE OF APPRAISAL: TO ESTIMATE MARKET VALUE FOR DISPOSITION AND MANAGEMENT PURPOSES.

SCOPE OF APPRAISAL: The objective of this report is to convey as much information as possible to adequately answer the questions of highest and best use and formulate an opinion of market value for a proposed sealed bid sale. The appraisers followed the following steps in gathering and assembling this information for the report.

Mark McAnally, Buster Renfrow and D'Wayne Gannon inspected the subject land and comparable sales via state aircraft on February 23, 2004. Local knowledgeable sources and GLO field specialist were contacted to secure information on the property along with carrying capacities and grazing leases, if any. Information secured from the Central Appraisal District was utilized to provide names and addressees of the surrounding landowners. Upland Inspector Paul Loeffler completed this task.

HISTORY OF THE PROPERTY: STATE OWNED LAND

SPECIAL REMARKS: This property does not have legal access and is only accessible by a private ranch road to about 1/2 mile from the subject. At this point access is by foot or horseback. A title search of Section 148 will be necessary to determine the true owner of record for the northwest 1/4. See remarks in section title "Surrounding Landowners".

MARKET VALUE DEFINED

Market Value, as used herein, is defined by the Appraisal Foundation as “The most probably price which a property should bring in a competitive market, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S Dollars or in terms of financial arrangements comparable thereto; and.
- e. the price represents the normal consideration for property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

SITE INFORMATION

Annual Rainfall (yearly average/inches): 11 inches

Discussion of Soils: See following Site Description.

Site Description: (Describe the property’s physical characteristics such as topography, vegetation, utilities, enhancements, detriments, etc., as they pertain to the subject’s highest and best use.):

The tract consists of shallow limestone soils on an upland site with gently sloping topography. Slope is generally to the south, draining to a small arroyo. The vegetative community is a mixture of cresotebush, acacias, mariola, lechuguilla, chinograma and threacawns with signs of heavy continuous grazing. There is no water available or developed on the subject. Estimated carrying capacity is approximately 3-4 A.U. per section for 7-8 months without supplemental feed and with livestock water provided. There are no improvements or water on the property. The tract has primitive ranch road access to within a 1/2 mile from the subject. At this point access is by foot or horseback.

HIGHEST AND BEST USE ANALYSIS

The highest the best use of this tract is rangeland for livestock grazing and wildlife habitat with limited recreational hunting in conjunction or assemblage with surrounding land that offer similar uses or subdivision potential.

Physically Possible: The subject consists of 160 acres of shallow limestone soils on an upland site with gently sloping topography. The vast limestone outcrops limit the property's agricultural use to only livestock and wildlife uses. Also, based on carrying capacities, the subject is not large enough to sustain livestock production without supplemental feed and water. Most subdivisions in the area offer land in the 160 acre to 640 acre range. Based on the subject's size, it may be considered as a recreational tract, however, this use is severely limited because of access issues.

Legally Permissible: The property is not under any zoning jurisdiction. However, because the tract is landlocked, an easement would need to be secured by one of the adjoining landowners in order to access the subject.

Financially Feasible/Maximally Productive: Considering the low carrying capacity and the low rate of return derived from the agricultural type uses, it appears that the time and expense of obtaining legal access is not warranted.

The consensus is that land values in the past have increased in the West Texas market. It was reported that rugged and scenic properties located in Brewster, Presidio and Jeff Davis Counties offer good recreational and hunting amenities. These properties have experienced the most demand and upward trend in values. Within the last three to five years, it appears that Terrell County is experiencing a similar increase in demand for large properties that are subsequently subdivided and offered to the recreational landowner. The maximally productive use would be to assemble with one of the surrounding landowners that range in size from 4,500 acres to 13,000 +/- acres.

Highest and Best Use Conclusion: Assemblage with surrounding landowners that range in size from 4,500 acres to 13,000 +/- acres that offers agricultural, recreational and/or subdivision potential.

Location

Directions to Property: In Sanderson, travel east on U.S. Highway 90 for 5.20 miles. Turn right (south) on a county dirt road and travel 4.3 miles south and west to a pipe gate. Continue south and west 4.8 miles, crossing two large canyons, to a road intersection (Case Road & Rockravine Road). Take Rockravine Road and go 0.5 miles to a locked gate. Turn right at THRU TRAFFIC sign to a gate in a fenced lane along the north line of Section 148. Travel west 0.5 miles. This is the nearest point of public access, the subject property is located 0.5 miles south.

Community Amenities: This tract is in the southwest part of Terrell County near the Terrell/Brewster County line. Amenities are extremely limited in the area. Most amenities are available at the county seat in Sanderson. Refer to attached maps.

Surrounding Landowners:

**Section 165, Block D-10
J.R. & C.E. Tuttle
HC 1, Box 232
Ashland, Kansas**

**NW/4 Section 148, Block D-10
Unknown**

According to Steve Erwin of the Catherine Morgan Trust, when the Catherine Morgan Family Partnership LP sold to IQ Investments, the Title Company would not insure title on this property due to the lack of evidence that Catherine Morgan had any interest in the property. This tract was part of a larger ranch holding known as the Hinson/Stumburg Ranch. In the 1940's Hinson and Stumburg split the ranch. Hinson sold his interest to Morgan, thinking that this tract was included in the transaction. Apparently, it appears that Stumberg or his heirs still have an interest in the NW/4 of Section 148. A title search of Section 148 will be necessary to determine the true owner of record for the northwest 1/4.

**NE/4, Section 148, Block D-10
William R. & Bonnie West Hennig - 1/3
1055 County Rd. 448
Coleman, Texas 76834**

**NE/4, Section 148, Block D-10
Jerry & Denise McDonald - 1/3
HC 75, Box 548
Coleman, Texas 76834**

**NE/4, Section 148, Block D-10
Jerry R. & Claudia Phillips - 1/3
2005 Christoval Road
San Angelo, Texas 76903**

**SE/4, Section 148, Block D-10
IQ Investments, LTD
Box 291589
Kerrville, Texas 78029**

**Section 149, Block D-10
IQ Investments, LTD
Box 291589
Kerrville, Texas 78029**

(Note: This entire section was surveyed out to be all in Brewster County at the time of the Morgan to IQ Investment sale)

Minerals

This appraisal includes no minerals.

This appraisal was developed using the Sales Comparison Approach, the Land Summation Approach (Cost Approach) if applicable, and the Income Approach, if applicable. If there are improvements on the property and these improvements contribute to the whole property, and if there is an income stream or an expectation of an income stream to the property, then the Cost Approach and/or Income Approach are included. Otherwise, these two approaches are excluded.

This is a restricted appraisal report intended for a specific purpose and a specific client, such as it may not be understood properly without additional information that is retained in the appraiser's work file.

Four comparable land sales were utilized in the analysis and valuation of the subject property. The sales are summarized below:

LAND SALES SUMMARY CHART

Sale #	Location	Date of Sale	Sales Price	Size	Price/Acre	Use
1	Thirteen miles south of Sanderson, Tx off of a County Road, located in the extreme northeast portion of Brewster County on the Terrell/Brewster County line.	May 03	\$729,345	13,260.83 Acres	\$55	Purchased to subdivide into 160 to 640 acre hunting or recreational tracts
2	Fifteen miles southeast of Sanderson, Tx off of easement road, located on the Terrell/Brewster County line.	March 01	\$220,000	4,512 Acres	\$49	Purchased to subdivide into 160 to 640 acre hunting or recreational tracts
3	Two tracts - one tract is in around Dryden, Tx and the second tract is eleven miles northwest of Dryden, Tx on an easement road.	May 02	\$558,115	10,147.54 Acres	\$55	Purchased to subdivide into 160 to 640 acre hunting or recreational tracts
4	Six miles north of Dryden, Tx. On the west side of State Highway 349.	May 02	\$390,082	7,092.40 Acres	\$55	Purchased to subdivide into 160 to 640 acre hunting or recreational tracts

Using the four sales summarized above, relative comparisons were made to arrive at an indicated value of the subject. Following is a summary of the comparisons and the estimated land value.

Explanation of Comparisons

Four sales were used to value the subject land. They ranged in price from \$49 per acre to \$55 per acre, size from 640 acres to 13,260 acres and date from March 2001 to May 2003. The comparable land sales included herein, as well as other land sales in the surrounding area, were evaluated to determine a trend in market conditions related to time or date of sale. Market research also included interview with numerous brokers and other individuals involved in this land market. The consensus is that land values have increased in the West Texas market, for adjacent counties to the West of Terrell County. It was reported that rugged and scenic properties located in Brewster, Presidio and Jeff Davis Counties offer good recreational and hunting amenities. These properties have experienced the most demand and upward trend in values. As evident by the limited market activity and sales data, it is apparent that Terrell County has started to enjoy this upward pressure in demand and prices.

Sales #1 and #2 sold to the same purchaser a little over two years apart. This would indicate a price appreciation of about 5.75% per year over the two-year time span. They are located in the subject neighborhood where there is some increase in demand for recreational tracts or properties that offer subdivision potential. However, this area has just started experiencing an increase in land values and I am not certain that the market has proven that it will continue at this rate over the long term. Therefore, since I am analyzing sales on a qualitative basis, no adjustments for market condition are made; but rather, I will rely on the most comparable and current sales in my conclusion of value.

Sale 1 sold for \$55 per acre on May 1, 2003. It is located in northeast Brewster County on the Terrell/Brewster County line. It is located adjacent to the south and east sides of the subject and was purchased for subdivision use. This sale has hills, arroyos, and canyons that offer romance or scenery for the recreational buyer along with hunting potential. Currently, it is being marketed in 160 to 640 acre tracts. I consider this sale similar to the subject.

Sale 2 sold for \$49 per acre on March 29, 2001. It is located on the Terrell/Brewster County line east and adjacent to Sale 1. Like Sale 1, the terrain features lend it to subdivision potential, however, the hills arroyos and canyons are more shallow to medium size, yet, it still appeals to the recreational buyer and offers hunting potential. Due to the age of this sale, it tends set the bottom or floor on potential sales prices of comparable properties. I consider this sale similar to the subject.

Sale 3 sold for \$55 per acre on May 30, 2002. Although the terrain is level with some limestone hills and gravelly outwash fans, this property was purchased for subdivision purposes due to its central location and proximity to U.S. Highway 90. Currently, it is being marketed in 160 to 640 acre tracts. Because of location, I considered this sale slightly superior to the subject.

Sale 4 sold for \$55 per acre on May 30, 2002. The same buyer of Sale 3 purchased it and assembled the two sales for subdivision use. This sale provides access from State Highway 349. The property consists of level terrain with some limestone hills and gravelly outwash fans. Physically, the sale has shortcomings, however, the central location and proximity of State Highway 349 and U.S. Highway 90 makes this sale slightly superior to the subject.

All four sales were purchased for subdivision use offering tracts with recreational and hunting potential. Sales 1 and 2 offered terrain features that offer romance or scenery and are most comparable to the subject. Sales 3 and 4 were more level, however, their central location and proximity to highways still make them attractive to buyers of recreational or hunting properties. Based on the subject site's attributes, it is my opinion that the estimate of value for the 160 acre tract would be at the lower range say \$55 per acre or:

EIGHT THOUSAND EIGHT HUNDRED DOLLARS
\$8,800 (rounded)

Minerals: The subject property is being valued as surface only. The comparable sales were conveyed without minerals or with a very minimal amount of mineral interest. Therefore no adjustments are warranted for minerals.

COST APPROACH

CLASS	USE	ACRES	RANGE SITE OR SOILS	PRICE	TOTAL

INCOME INFORMATION

The carrying capacity of this range site is estimated to be 3 to 4 animal unit/s per section (640 acres). Carrying capacity of the subject is 1 animal unit.

The potential lease rate based on market information is estimated to be \$0.23 per acre.
 The tract is presently: unleased

POTENTIAL GROSS INCOME

160 ACRES x \$0.23 PER ACRE = \$36.80

INDICATED RETURN TO PSF =

INCOME/VALUE = %
 \$36.80/\$8,800 = 0.42 %

INDICATED RETURN TO THIRD PARTY

GROSS INCOME		LESS TAXES		MANAGEMENT	=	NOI
\$36.80	-	\$14.06	-	\$1.84	=	\$20.90
						\$20.90/\$8,800 = 0.24 %

COMMENTS:

ASSUMPTIONS AND LIMITING CONDITIONS

Certification of this report is based on the following assumptions and limiting conditions:

1. That title to the property is marketable and rests in the named owner, that there are no defects of title and the property is free and clear of all encumbrances except for those specifically mentioned.
2. The appraiser neither accepts nor assumes any responsibility for matters of legal nature affecting the property.
3. The legal description and figures pertaining to size and dimensions that were furnished or obtained are correct.
4. The appraiser did not make a survey of the property.
5. Drawings, sketches and plats are included to assist the reader in visualizing the property and may not be totally accurate or exact scale.
6. To the best of my knowledge and belief, the information furnished by others and contained in this report is considered reliable and believed to be true and correct.
7. Responsibility is not taken for unknown soil conditions or the structural soundness of the improvements that would render the property more or less valuable.
8. Any easement, apparent or of record, associated with the property do not have an adverse effect on its value unless otherwise noted.
9. All estimates and conclusions are based on the highest and best use of the property, which may or may not be the current use.
10. The value reported herein as of \$8,800 and is based on market conditions at that time.
11. I have inspected the surface of the subject property, but I have no expertise in discovering sub-surface deposits of refuse, hazardous wastes, or any material that will affect the use and value of the subject property and I assume no responsibility for such deposits.
12. Use of this appraisal is reserved to the named recipient; use of any portions excerpted from the complete report is prohibited without written consent of the appraiser.
13. **This is a complete appraisal under Uniform Standards of Professional Appraisal Practice Standard Rule 1 and is reported as a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 (c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's and archive files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.**

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and American Society of Farm Managers and Rural Appraisers.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute and American Society of Farm Managers and Rural Appraisers relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, I (Mark McAnally) have completed the continuing education program of the Appraisal Institute. I am a candidate member of the American Society of Farm Managers and Rural Appraisers.



Mark A. McAnally, MAI
Chief Appraiser
Texas State Certified General Real Estate Appraiser
TX-1320819-G

(SR 2-3/2002)

ADDENDA

SUBJECT PHOTOGRAPHS

School File 146928 – SW/4 Section 148, Block D-10, Texas Central Ry. Co. Survey, Terrell County



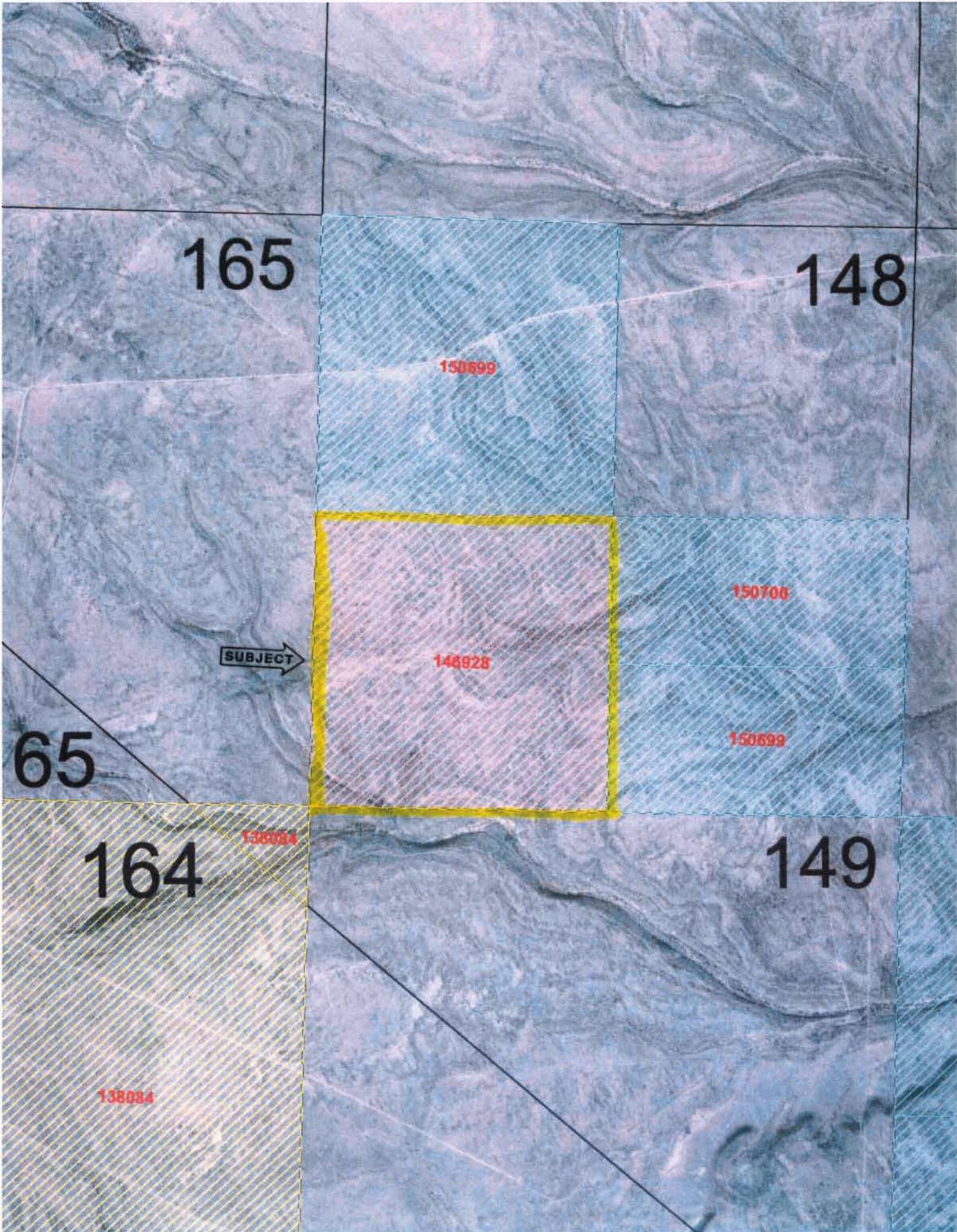
Taken from the southwest corner looking north along west side of subject.

SUBJECT PHOTOGRAPHS

School File 146928 – SW/4 Section 148, Block D-10, Texas Central Ry. Co. Survey, Terrell County



View of southwest section of subject where small arroyo is located.



165

148

150699

150700

148928

150699

65

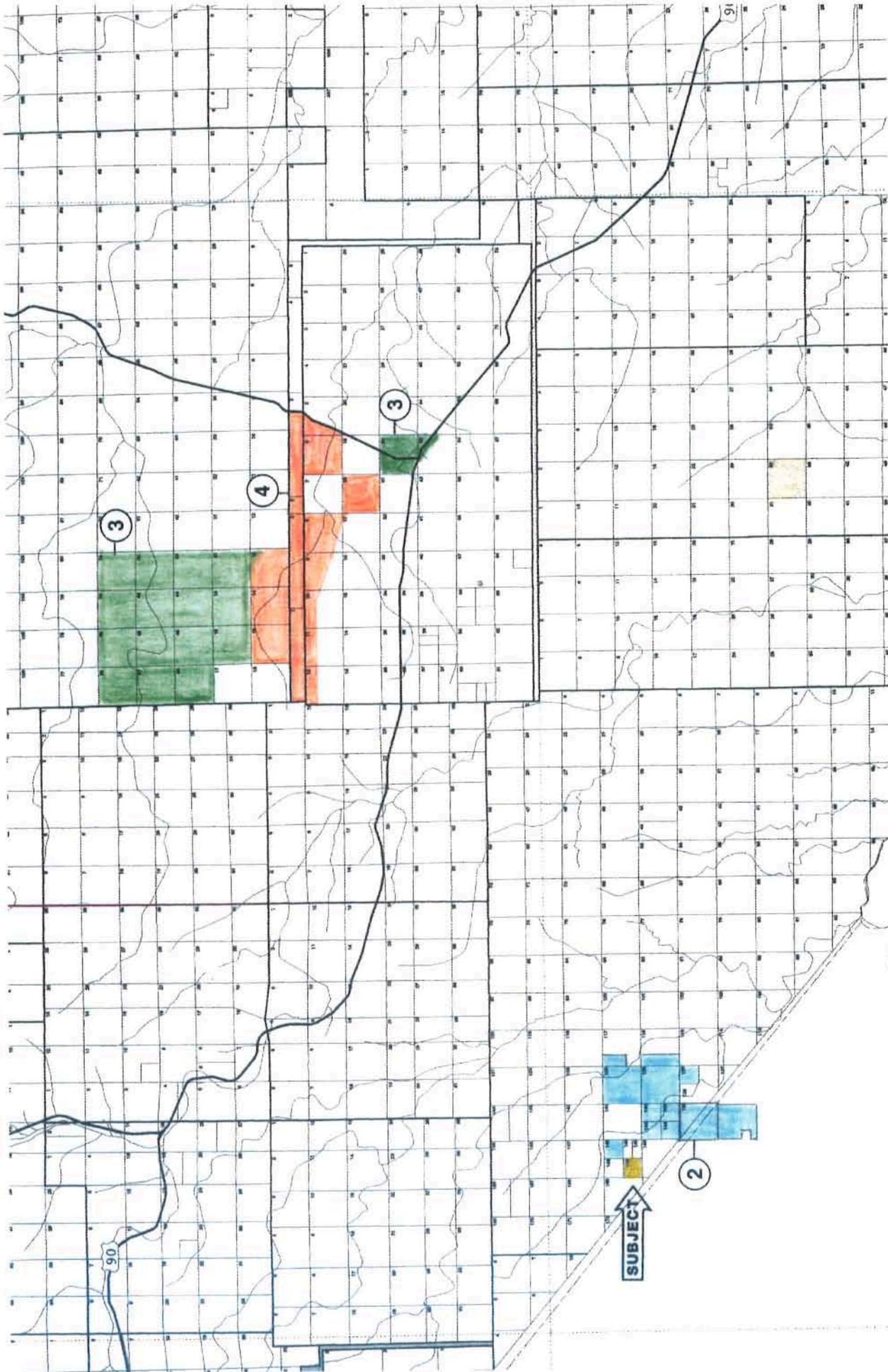
SUBJECT

164

149

138084

138084



Comparable Land Sales

Comparable Sale No. 1

RECORD NO.: B03-01

LOCATION: South 18 degrees west, 13 miles from Sanderson, Texas.

DATE OF SALE: May 1, 2003

GRANTOR: Catherine Morgan Family Properties, LTD

GRANTEE: I Q Investments

RECORDED : Volume 166, Page 374 Terrell County Deed Records

LAND SIZE: 13,260.83

LAND TYPE: Limestone hills and gravelly outwash areas with several major drainage canyons.

LEGAL DESCRIPTION: Sections 19-21, 28-40, Blk. D-11, Sections 149, 151-152, 161-164, 171-176 Blk. D-10, T. C. Ry. Co. Survey, Brewster County and Sections 166, 171-172 Blk. D-10, T. C. Ry. Co. Survey Terrell County.

SALES PRICE: \$729,345

UNIT PRICE: \$55 per acre

FINANCING: \$533,150 not to Wells Fargo Bank, Texas. Considered cash equivalent.

MINERALS: Subject to previous reservations - considered surface only.

ACCESS/ FRONTAGE: County road frontage.

WATER: Well water around ranch headquarters that do not appear to be functional. There are a couple of windmills on the property.

IMPROVEMENTS: Old ranch house, and pens considered to have nominal value.

COMMENTS: Located in the northeast section of Brewster County with approximately 146 acres in Terrell County. Access is by county roads extending south from U.S. Highway 90 throughout the south part of Terrell County. Terrain features consist of limestone hills with arroyos cutting through the ranch causing small to medium sized canyons. Gravelly outwashes and fans are dispersed throughout the property. Vegetation consists of some Fluffgrass and Ocotillo with the predominant vegetation consisting of the woody plant community of Creosote and Juniper. At the time of inspection it appears that the water system around the old headquarters was not functional. Property will be subdivided into 160 acre to 640 acre hunting/recreational tracts.

Comparable Sale No.2

RECORD NO.: T03-01

NAME: Ranch Land Sale

LOCATION: Terrell/Brewster County line. The property is located 15 miles southeast of Sanderson, Texas south of U.S. Highway 90 along an existing easement road extending from an adjoining ranch.

DATE OF SALE: March 29, 2001

GRANTOR: Davenport Cattle Company

GRANTEE: William R. Henning et al

RECORDING: Vol. 153 Pg. 173, Terrell County Deed Records

LAND SIZE: 4,512.00 acres

LAND TYPE: Limestone hills and gravelly outwash areas with several major drainage canyons.

LEGAL DESCRIPTION Being out of Sections 124, 125, 139, 141, W/224 acres of 116, W/2 of 140, SE/4 of 140, W/2 of NW/4 of 138, W/2 of NE/4 of 138, NE/4 of SW/4 of 138, W/112 acres of NW/4 of 117, W/56 acres of the N/2 of SW/4, NE/4 of 148, NE/4 of 126, NE/4 of 140, SE/4 of 138, SE/4 of SW/4 of 138 and the S/2 of W/2 of SW/4 of 138, in Block D - 10, T. C. Ry Co.; Terrell and Brewster Counties, Texas.

SALES PRICE: \$220,000.00

UNIT PRICE: \$49/acre

FINANCING: \$37,200.800 cash with \$155,000 note to Farm Credit and a second lien of \$27,700 from Southwest Federal Land Bank being at market terms.

MINERALS: Grantor conveyed whatever mineral interest that was in his ownership. Considered to be surface only

ACCESS/RD. FRONTAGE Along an existing easement road between Rough Canyon Ranch Ltd. And Davenport Cattle Company.

WATER: Water agreement between Rough Canyon Ranch Ltd. And Davenport Cattle Company

IMPROVEMENTS: Typical fencing, storage buildings, working pens, barns, sheds, and mobile home used as a hunting camp valued at \$15,750.

COMMENTS: Terrain features consist of limestone hills and gravelly outwash fans with considerable exposed flagstone and surface rock. Several major canyon drainages cut through the area with typical steep sides and gravelly loam bottoms. Vegetation consists of creosotebush, chinograma, tridens threeawns, lechuguilla, catclaw, broomweed and sotol. Currently, property is being subdivided and sold as deer hunting camps. Carrying capacity is estimated to be four to five animal units per section.

Comparable Sale No.3

RECORD NO.: T03-04

NAME: Ranch Land Sale

LOCATION: The property is located in two tracts being 858.71 acres in and around Dryden, Texas and 9,288.83 acres 11 miles northwest of Dryden, Texas north of U.S. Highway 90 along an existing easement road that extends north from U.S. Highway 90.

DATE OF SALE: May 30, 2002

GRANTOR: Dryden Land and Cattle Co.

GRANTEE: I Q Investments

RECORDING: Vol. 161 Pg. 16, Terrell County Deed Records

LAND SIZE: 10,147.54 acres

LAND TYPE: Primarily level terrain with some limestone hills and gravelly outwash areas.

LEGAL DESCRIPTION Being 5.20 acres out of Section 13, Sections 18-20, Sections 43-50, Sections 73-76, in Block D, M.K. & T.E. Ry Co.; part of Section 30, in Block A-2, G.H. & S.A., and several lots in the Town of Dryden, Terrell County, Texas.

SALES PRICE: \$558,115.00

UNIT PRICE: \$55/acre

FINANCING: Cash transaction.

MINERALS: Surface only

ACCESS/RD. FRONTAGE Along an easement road extending north of U.S. Hwy. 90.

WATER: Well water around ranch headquarters.

IMPROVEMENTS: Old ranch house, working pens, no contributory value.

COMMENTS: Terrain features consist of level land with some limestone hills and gravelly outwash fans. Vegetation consists of creosotebush, lechuguilla, ocotillo, and some mesquite in the draws. Herbaceous vegetation is very limited due to past grazing history and drought conditions. Currently, property is being subdivided 160 to 640 acre tracts and sold as deer hunting camps or recreational properties. Buyer negotiated this sale along with adjoining 7,092.4 acre tract from same seller. Carrying capacity is estimated to be four to five animal units per section.

Comparable Sale No. 4

RECORD NO.: T03-05

NAME: Ranch Land Sale

LOCATION: The property is located six miles north of Dryden, Texas on the west side of State Highway 349.

DATE OF SALE: May 30, 2002

GRANTOR: Dryden Land and Cattle Co.

GRANTEE: Ranch Enterprises, Ltd.

RECORDING: Vol. 161 Pg. 1, Terrell County Deed Records

LAND SIZE: 7,092.40 acres

LAND TYPE: Primarily level terrain with some limestone hills and gravelly outwash areas.

LEGAL DESCRIPTION Being 639.02 acres out of Section 13, 635.85 acres out of Section 14, 564.77 acres out of Section 15, 45.60 acres out of Section 18, 53.81 acres out of Section 19, 7.94 acres out of Section 20, in Block D, M.K. & T.E. Ry Co., 695.75 acres out of Section 1, in Block 188, G.C. & S.F. Ry. Co., the west 583.67 acres out of Section 2, in Block 188, Joe Kerr, the east 119.78 acres of Section 2, 569.86 acres out of Section 3, in Block 188 G.C. & S.F. Ry. Co., 199.97 acres out of Section 5, 645.66 acres out of Section 6, 503.4 acres out of Section 8, 396.28 acres out of Section 9, 228.04 acres out of Section 10, 222.00 acres out of Section 11, 227.59 acres out of Section 12, 9.61 acres out of Section 17, 631.09 acres out of Section 18, 3.25 acres out of Section 20, in Block A-2, G.H. & S.A. Ry Co., Terrell County, Texas.

SALES PRICE: \$390,082.00

UNIT PRICE: \$55/acre

FINANCING: Cash transaction.

MINERALS: Surface only

ACCESS/RD. FRONTAGE Along State Hwy. 349 that extends north of Dryden.

WATER: Unknown.

IMPROVEMENTS: Old ranch house, working pens, no contributory value.

COMMENTS: Terrain features consist of level land with some limestone hills and gravelly outwash fans. Vegetation consists of creosotebush, lechuguilla, ocotillo, and some mesquite in the draws. Herbaceous vegetation is very limited due to past grazing history and drought conditions. Currently, property is being subdivided and sold as deer hunting camps or recreational properties.

Comparable Sale No. 4 Con't.

Currently, property is being subdivided 160 to 640 acre tracts and sold as deer hunting camps or recreational properties. Buyer negotiated this sale along with adjoining 10,147.54 acre tract from same seller. Carrying capacity is estimated to be four to five animal units per section.

Surrounding Landowners:

Section 165, Block D-10 ①

J.R. & C.E. Tuttle
HC 1, Box 232
Ashland, Kansas

NW/4 Section 148, Block D-10 ③

Unknown

According to Steve Erwin of the Catherine Morgan Trust, when the Catherine Morgan Family Partnership LP sold to IQ Investments, the Title Company would not insure title on this property due to the lack of evidence that Catherine Morgan had any interest in the property. This tract was part of a larger ranch holding known as the Hinson/Stumburg Ranch. In the 1940's Hinson and Stumburg split the ranch. Hinson sold his interest to Morgan, thinking that this tract was included in the transaction. Apparently, it appears that Stumberg or his heirs still have an interest in the NW/4 of Section 148. A title search of Section 148 will be necessary to determine the true owner of record for the northwest 1/4.

NE/4, Section 148, Block D-10

William R. & Bonnie West Hennig - 1/3
1055 County Rd. 448
Coleman, Texas 76834

NE/4, Section 148, Block D-10

Jerry & Denise McDonald - 1/3
HC 75, Box 548
Coleman, Texas 76834

NE/4, Section 148, Block D-10

Jerry R. & Claudia Phillips - 1/3
2005 Christoval Road
San Angelo, Texas 76903

** Not really adjoining landowners. Cannot adjoin on a point.*

SE/4, Section 148, Block D-10

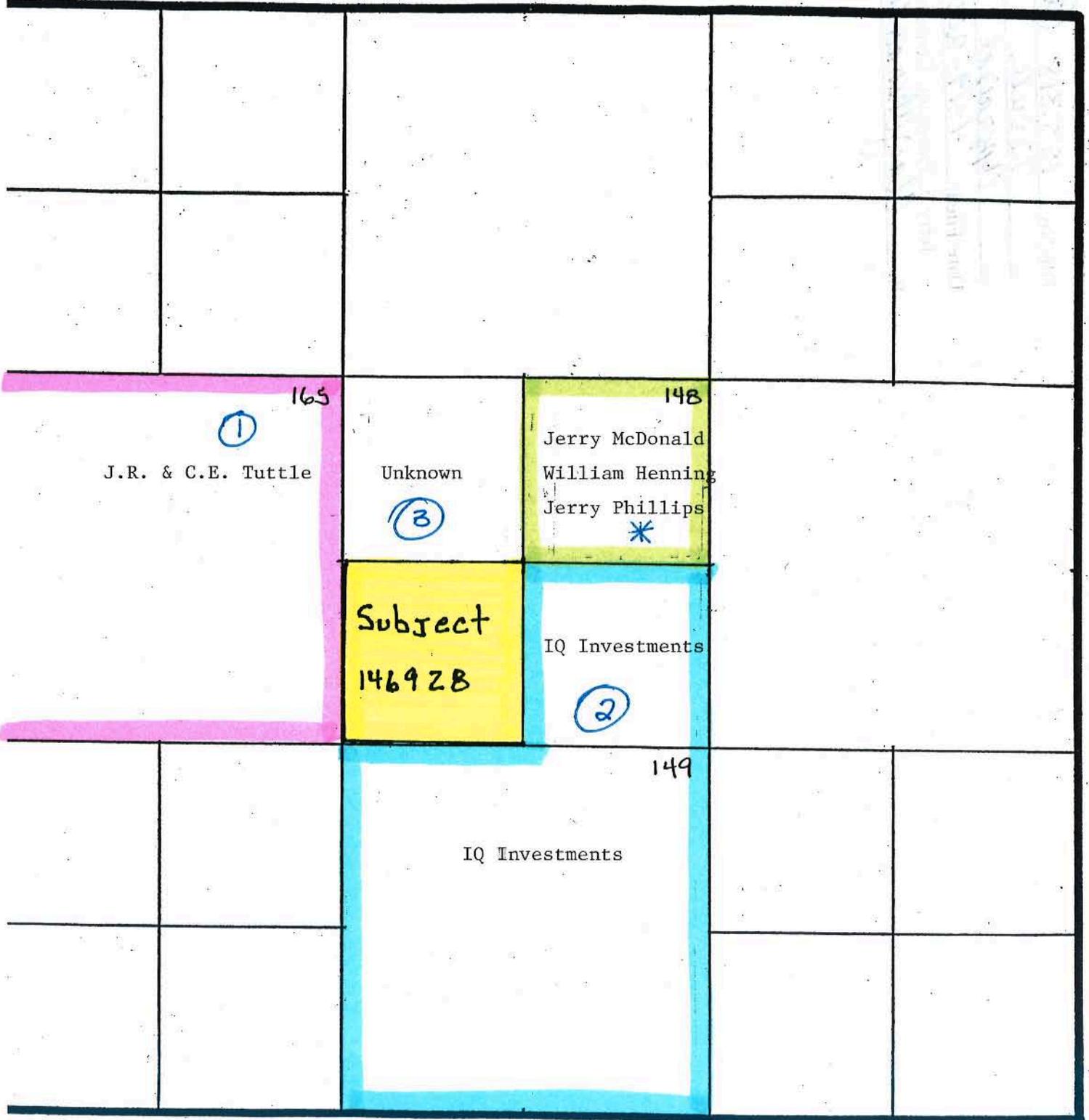
IQ Investments, LTD
Box 291589
Kerrville, Texas 78029 ②

Section 149, Block D-10

IQ Investments, LTD
Box 291589
Kerrville, Texas 78029

(Note: This entire section was surveyed out to be all in Brewster County at the time of the Morgan to IQ Investment sale)

ADJOINING LAND OWNER MAP



County TERRELL State TEXAS
Location SW/4 148 Block D-10 Survey T C Ry Co

Remarks: APPRAISAL 97-3660
GLO//FORM/REVISED 5/96

File No. 155318 (2)
Terrill County
Appraisal
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chenuck

EVALUATION OF PSF LAND

County: Terrell File Number: 146928
Legal Description: SW¼ of Section 148, Block D-10, T. C. Ry. Co. Survey
Acreage: 160
Prepared By: Clay Chenault  Date: August 18, 2004

This tract is located approximately 15 miles south of Sanderson. It consists of shallow limestone soils on an upland site with gently sloping topography and typical desert vegetation.

There are no patentable field notes on file in this office.

There is no legal access.

No utilities are available.

The tract is not leased.

There were no easements nor encroachments noted on the appraisal or routing sheet.

A 2/23/2004 appraisal notes a surface value of \$55.00 per acre or \$8,800.00 for the entire tract.

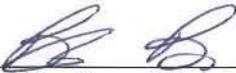
The highest and best use is said to be rangeland for livestock grazing and recreational hunting when used in conjunction with adjoining land.

Archeology has not recommended that an antiquities conservation grant and easement be required as a condition of sale.

Energy Resources recommends a standard mineral and groundwater reservation.

I recommend that this tract be offered for sale to the adjoining landowners and then, if still available, placed on the next sealed bid sale. Further, I recommend reserving all minerals and all mineral leasing rights and all groundwater and all groundwater leasing rights, save and except domestic and residential uses of groundwater, to the state as well as the right of ingress and egress to explore and produce the same. I further recommend placing all sale proceeds in the escrow account as authorized by Section 51.401 of the Texas Natural Resources Code.

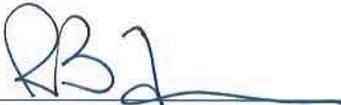
Approved By:



Bob Blumberg, Director of Dispositions

8/24/04

Date



Bo Tanner, Deputy Commissioner for Asset Mgmt

9/1/04

Date

File No. 155318 ③
Terrill County
Evaluation
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chonow

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 2, 2004

IQ Investments, LTD
Box 291589
Kerrville, TX 78029

Re: Sale of 160 acres, SW¼ of Section 148, Block D-10, T. C. Ry. Co. Survey, Terrell County, Texas, File Number 146928

Dear Interested Party:

The Texas General Land Office (GLO) has obtained information, which indicates that you are an adjoining landowner to the above referenced Permanent School Fund (PSF) land. For your reference, enclosed is additional information to help you identify the state-owned tract.

The GLO is interested in selling this property in order to reinvest the proceeds into assets that provide a better return on its investment, as well as placing the property on the county tax rolls. We are considering offering this tract for sale on the November 16, 2004 sealed bid land sale, upon approval by the School Land Board. The board also has the option of selling this tract by direct sale to one or more of the adjoining landowners. However, a "waiver of interest to purchase" must be obtained from all of the other adjoining landowners prior to consideration by the board. Regardless, the board retains the option of selling this tract by sealed bid if it deems it to be in the best interest of the PSF.

If this property is sold, the State of Texas will reserve all minerals and all mineral leasing rights and all groundwater and all groundwater leasing rights, save and except residential and domestic uses of groundwater, as well as the right of ingress and egress to explore and produce the same.

If you are interested in purchasing this tract or have a question regarding this property, please contact me as soon as possible at (512) 463-5708. Please direct any correspondence to my attention at: Texas General Land Office, Asset Management Division, PO Box 12873, Austin, Texas, 78711-2873.

Sincerely,

Clay Chenault

Clay Chenault
Asset Management – Dispositions

Enclosure

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 2, 2004

J. R. Tuttle
HC 1 Box 232
Ashland, KS 67831-9618

Re: Sale of 160 acres, SW¼ of Section 148, Block D-10, T. C. Ry. Co. Survey, Terrell County, Texas, File Number 146928

Dear Mr. Tuttle:

The Texas General Land Office (GLO) has obtained information, which indicates that you are an adjoining landowner to the above referenced Permanent School Fund (PSF) land. For your reference, enclosed is additional information to help you identify the state-owned tract.

The GLO is interested in selling this property in order to reinvest the proceeds into assets that provide a better return on its investment, as well as placing the property on the county tax rolls. We are considering offering this tract for sale on the November 16, 2004 sealed bid land sale, upon approval by the School Land Board. The board also has the option of selling this tract by direct sale to one or more of the adjoining landowners. However, a "waiver of interest to purchase" must be obtained from all of the other adjoining landowners prior to consideration by the board. Regardless, the board retains the option of selling this tract by sealed bid if it deems it to be in the best interest of the PSF.

If this property is sold, the State of Texas will reserve all minerals and all mineral leasing rights and all groundwater and all groundwater leasing rights, save and except residential and domestic uses of groundwater, as well as the right of ingress and egress to explore and produce the same.

If you are interested in purchasing this tract or have a question regarding this property, please contact me as soon as possible at (512) 463-5708. Please direct any correspondence to my attention at: Texas General Land Office, Asset Management Division, PO Box 12873, Austin, Texas, 78711-2873.

Sincerely,

Clay Chenault

Clay Chenault
Asset Management – Dispositions

Enclosure

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

ADJOINING LAND OWNER MAP

	① 165 J.R. & C.E. Tuttle	Unknown ③	148 Jerry McDonald William Henning Jerry Phillips *	
		Subject 146928	IQ Investments ②	
			149 IQ Investments	

City TERRELL State TEXAS
 on SW/4 148 Block D-10 Survey T C Ry Co

Books: APPRAISAL 97-3660
 GLO//FORM/REVISED 5/96

File No. 155318 (4)

Terrell County

ALO Jettara

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By Clay Chenault

SBS DATE: 3/15/2005
MARGINAL NO.: 48
COUNTY: Terrell
ACRES: 160
FILE NO.: 146928

LEGAL DESCRIPTION: SW¼ of Section 148, Block D-10, T. C. Ry. Co. Survey

Minimum Bid Amount \$8,800.00

Terms All cash, plus a statutory sales fee of 1.5% of the total bid amount.

Nearest Community Sanderson

Directions to Tract In Sanderson, travel east on US 90 for 5.2 miles. Turn right (south) on a county dirt road and travel 4.3 miles to a pipe gate. Continue south and west 4.8 miles, crossing two large canyons, to a road intersection (Case Rd & Rockravine Rd). Take Rockravine Rd and go 0.5 mile to a locked gate. Turn right at THRU TRAFFIC sign to a gate in a fenced lane along the north line of Section 148. Travel west 0.5 mile. This is the nearest point of public access. The subject property is located 0.5 mile south. (29°58'13", 102°25'50")

Reservations Minerals, Groundwater

Access No legal access.

Utilities No utilities are available.

Improvements No improvements.

Zoning No zoning.

Topography Shallow limestone soils with gently sloping topography and desert vegetation.

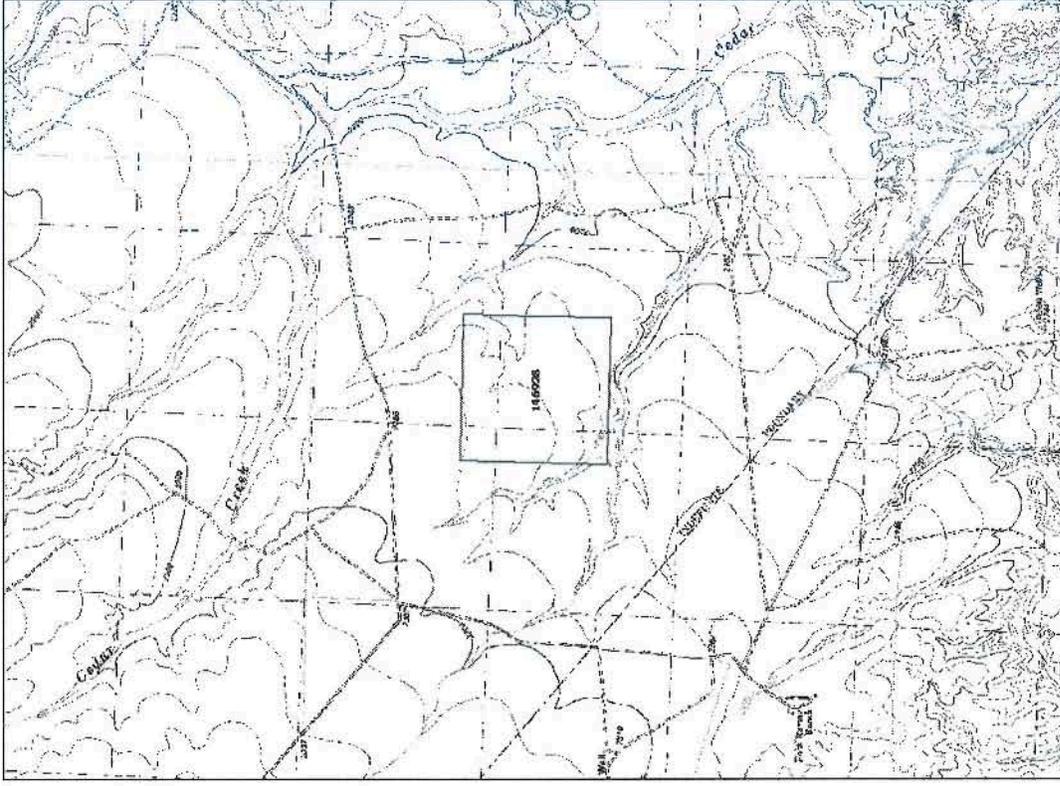
Patent Information If a patent is requested, a new survey is required at the expense of the successful bidder.

Lease Information The tract is not leased.

SURFACE ONLY IS BEING SOLD

SUBJECT TO ANY EASEMENTS OF RECORD OR VISIBLE AND APPARENT ON THE PROPERTY.

THE TEXAS GENERAL LAND OFFICE AND THE SCHOOL LAND BOARD NEITHER WARRANT NOR GUARANTEE THE ACCURACY OF THIS INFORMATION. IF YOU SUBMIT A BID, YOU SHOULD DETERMINE THAT THE TRACT MEETS YOUR REQUIREMENTS REGARDING ACCESS, SIZE, SHAPE, LOCATION, ENVIRONMENTAL STANDARDS, AND EASEMENTS.



1:24,000

File No. 155318 (5)
Terrell County
SBS Info Sheet
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chant

**STATE OF TEXAS
GENERAL LAND OFFICE
MARCH 15, 2005 SEALED BID SALE
CASH BID APPLICATION
PERMANENT SCHOOL FUND LAND**

To the Commissioner of the Texas General Land Office, Austin, Texas:

By virtue of Texas Natural Resources Code (TNRC) §51.051, et seq., and §32.101, et seq., I hereby tender my application to purchase land owned by the State of Texas.

I enclose a remittance in the amount of \$ 1,000.⁰⁰ in the form of a cashier's check or money order, made payable to the Texas General Land Office. This represents (10%) or 100% of the total bid amount as stated below. (Please circle the correct percentage.) See the tract information sheet for the minimum you may bid.

Also enclosed is a remittance in the amount of \$ 150.⁰⁰ in a separate cashier's check or money order, made payable to the Texas General Land Office. This represents the statutory sales fee of 1.5% of the total bid amount, pursuant to TNRC §32.110.

If my bid is successful, I will be so notified by the GLO. I understand that if my bid is not the successful bid, the cashier's checks or money orders will be returned to me.

146928

Marginal Number	County	Total Bid Amount
48	Terrell	\$10,000. ⁰⁰

I am applying to purchase this land on my own behalf or on behalf of another person, partnership, company, corporation or governmental entity . (Please mark the correct blank.)
If the purchase is made on behalf of another person or entity, the name of that person or entity is:

(Please print.)

Please type or print the name and address as you wish it to appear on the land award or deed:

APPLICANT: Mark Kelley Mahone

SOCIAL SECURITY or TAX ID NUMBER: [REDACTED]

x500.00
x500.00

MAILING ADDRESS: 202 TOM Driver Rd.

CITY: Red Oak STATE: Tx. ZIP: 75154

HOME: (972) 842-8535 WORK: (214) 298-3461

SIGNATURE: Mark Mahone

(Applicant or Authorized Agent)

05029831
05029832

05029833
x150.00

File No. 155318 (6)
Terrell County
Bid Application
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chanak

**STATE OF TEXAS
GENERAL LAND OFFICE
MARCH 15, 2005 SEALED BID SALE
VERIFICATION**

I hereby certify that the information submitted on my behalf herein is true and correct. As the bidder, I am relying on my own examination and investigation of the property and will accept title to the property "as is", in its existing physical and topographical condition, and without warranties of any kind whatsoever, expressed or implied. I acknowledge that the foregoing representations and all material terms and conditions of this solicitation of bids shall survive a conveyance of property to this bidder. I further certify and represent, if this bid is made in the name of or on behalf of another person or entity, that I am legally authorized to execute the bid form on that person's or entity's behalf or in the person's or entity's name. I further certify that I am eighteen (18) years old or older.

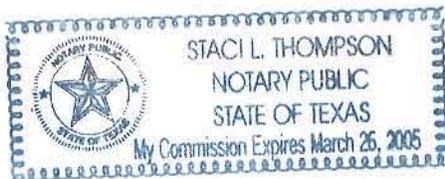
NAME: Mark Mahone

TITLE: Pipe Welder

SIGNATURE: Mark Mahone

DATE: 3 / 8 / 2005

The accompanying application was sworn, verified, and subscribed before me this the 8th day of March, 2005.



Staci L. Thompson
Notary Public in and for the State of Texas

File No. 155318 (7)
Terrell County
Verification
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By: Clay Chenault

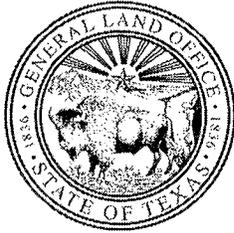
§ REMITTANCE DISTRIBUTION - DO NOT FILE §

Name	Remittance Description					Fiscal Year	Register Number	Amount
	Refer	Type	Mo	Day	Year			
MARK K MAHONE ASSET MGMT (00) (C)	156	C	03	15	2005	2005	029831	500.00
File Number	GLA	Amount	File Number	GLA	Amount			
155318	3349001	\$500. ⁰⁰	PSP land sale proceeds					
			3/15/05 ⁴⁸⁵ 10% down payment					
							4/11/05 c2	
							SP 4/11/05	

CASH/MM00002

File No. 155318 (8)
Terrell County
Distribution Slip
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chenaus

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

March 17, 2005

Mark Kelley Mahone
202 Tom Driver Rd.
Red Oak, TX 75154

Re: March 15, 2005 Sealed Bid Land Sale
Marginal No. 48, File No. 146928, Terrell County, Texas
Total Bid Amount \$10,000.00

Dear Mr. Mahone:

Congratulations! You were the high bidder on the above referenced tract. Since you submitted 10% of the total bid amount, the remaining 90% balance is now due.

In order to close this sale, please forward **\$9,000.00**, in the form of a cashier's check or money order made payable to the Texas General Land Office on or before April 15, 2005 by 5:00 p.m., CST. When the required payment is received, you will receive a LAND AWARD AND RECEIPT for the tract.

If payment in the appropriate amount is not received by our office on or before the deadline, your 10% down payment and the statutory fee of 1.5% will be forfeited.

If you have any questions, please call me at (512) 463-5708. In order to insure proper handling, please direct your correspondence to my attention at: Texas General Land Office, Asset Management Division, PO Box 12873, Austin, Texas, 78711-2873.

Sincerely,

A handwritten signature in cursive script that reads "Clay Chenault".

Clay Chenault
Asset Management

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

File No. 155318 9

Terrill

County

High Bid letter

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By

Clay Cheneau

File No. 155318 (10)

Terrill County

Distribution Slip

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By Clay Chenevix

NOTICE OF CONFIDENTIALITY: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORD: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

LAND AWARD AND RECEIPT

Under the terms of Chapter 32, Subchapter D, and Chapter 51, Subchapters B and C, of the Texas Natural Resources Code, as amended, relating to the sale of Permanent School Fund land.

GENERAL LAND OFFICE
AUSTIN, TEXAS

FILE NO. 155318

WHEREAS, Mark Kelley Mahone of 202 Tom Driver Road, Red Oak, Texas, 75154, has in the manner and form prescribed by law, filed in this office an application to purchase the following described school land, to-wit:

The Southwest Quarter (SW¼) of Section 148, Block D-10, T. C. Ry. Co. Survey, Terrell County, Texas, Certificate Number 1106, containing 160.0 acres, more or less;

The School Land Board having fixed the price, and the State having received Ten Thousand and 00/100 Dollars (\$10,000.00) as the full payment, therefore I do hereby award to said applicant the survey of land described above; provided however, that there is reserved unto the State of Texas for the use and benefit of the Permanent School Fund, all oil, gas, coal, lignite, sulphur and other mineral substances from which sulphur may be derived or produced, salt, potash, uranium, thorium, and all other minerals in and under the land described above wherever located and by whatever method recovered, as well as the right to lease such minerals and the right of ingress and egress to explore for and produce the same.

The State also reserves and retains, for the use and benefit of the Permanent School Fund, all rights to groundwater and groundwater leasing, except Grantee shall have the right to use groundwater for residential and domestic purposes only. The State further reserves the right of ingress and egress to explore for, produce, lease, and store groundwater and to place, construct, maintain, and operate any structures necessary and incident thereto at a site or sites as determined by the State. Grantee, its successors, and assigns covenant and agree not to use any groundwater underlying the property conveyed herein for commercial or industrial purposes.

These easements, restrictions, and covenants run with the land, are binding on Grantee, its successors, and assigns, and are forever enforceable.

Further, said award is made subject to any and all easements, rights-of-way, leases, and other matters of record, and those visible and apparent on the ground, affecting or related to the said property.

APPROVED BY THE SCHOOL LAND BOARD: March 15, 2005
FULL PAYMENT RECEIVED: April 8, 2005
WITNESS MY HAND AND SEAL OF OFFICE.

APPROVED:

Surveying

Content

Legal Services

Deputy Commissioner

Chief Clerk

QBT
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
JERRY E. PATTERSON
Commissioner, General Land Office
Chairman, School Land Board

DATE: 18 APRIL 2005

File No. 155318 (11)

Terrell County

Land Ward

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By Clay Chumley

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 19, 2005

Mark K. Mahone
202 Tom Driver Rd.
Red Oak, Texas 75154

Re: Sale of 160.0 acres, SW¼ of Section 148, Block D-10, T. C. Ry. Co. Survey, Terrell County, Texas, Old File No. 146928, New File No. 155318

Dear Mr. Mahone:

Enclosed is your Land Award and Receipt for the referenced sale. Please be aware that it is your responsibility to have the land award recorded in the real property records of the Terrell County Clerk's Office in order to protect your rights in this property.

In accordance with Section 51.065 of the Texas Natural Resources Code, the Texas General Land Office will notify the Terrell County Clerk of the sale, the purchaser's name and address, and the purchase price. This information will then become public record.

Although the land award conveys clear title, some people wish to apply for a patent. The land award conveys equitable title, whereas, the patent conveys full legal title and must have patentable field notes on file in this office. According to our Surveying Division, there are no patentable field notes on file in this office for this tract. Please be aware that obtaining a patent is optional for the buyer. For your reference, enclosed are brief instructions for patenting lands in case you are interested in having this tract surveyed at your own expense.

Please call me at (512) 463-5708 if I can answer any questions or provide additional information.

Sincerely,

Clay Chenault
Asset Management

Enclosures

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

File No. 155318 (12)

Terrill

County

Landward with

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By Clay Cheneau

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 19, 2005

Martha Allen
Terrell County Clerk
PO Box 410
Sanderson, Texas 79848-0410

Re: Sale of state owned land, File No. 155318

Dear Ms. Allen:

In accordance with Section 51.065 of the Texas Natural Resources Code, this is to inform you that the Texas General Land Office has sold 160.0 acres of land in Terrell County described as:

Southwest Quarter (SW $\frac{1}{4}$) of Section 148, Block D-10, T. C. Ry. Co. Survey;

Purchaser: Mark K. Mahone
202 Tom Driver Rd.
Red Oak, Texas 75154

Date of School Land Board Approval: March 15, 2005

Full Payment Received: April 8, 2005

Purchase Price: \$10,000.00

Please make a notation of the issuance of this LAND AWARD in your records. It is the responsibility of the purchaser to have the land award recorded in your office. If you have any questions you may contact me at (512) 463-5708.

Sincerely,

Clay Chenault
Asset Management

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

File No. 155318 (13)
Tewell County
County Clerk Letter
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chevant

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 19, 2005

Y. E. Duarte
Terrell County Tax Assessor
PO Box 320
Sanderson, Texas 79848-0320

Re: Sale of state owned land, File No. 155318

Dear Mr. Duarte:

In accordance with Section 51.065 of the Texas Natural Resources Code, this is to inform you that the Texas General Land Office has sold 160.0 acres of land in Terrell County described as:

Southwest Quarter (SW $\frac{1}{4}$) of Section 148, Block D-10, T. C. Ry. Co. Survey;

Purchaser: Mark K. Mahone
202 Tom Driver Rd.
Red Oak, Texas 75154

Date of School Land Board Approval: March 15, 2005

Full Payment Received: April 8, 2005

Purchase Price: \$10,000.00

If you have any questions you may contact me at (512) 463-5708.

Sincerely,

Clay Chenault
Asset Management

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14

File No. 155318
Terrill County
TAC letter
Date Filed: 4-19-2005
Jerry E. Patterson, Commissioner
By Clay Chandler

LAND SALE CHECKLIST – PSF
Documents that go in new Archive School File

OLD FILE NO.: 146928 NEW FILE NO.: 155318

COUNTY: Terrill PURCHASER: Mark K. Mahone

DIRECT SALE _____ or SEALED BID SALE CASH or TERMS _____

Employee who closed transaction: Clay Chenu Date: 4 / 19 / 2005

- | | | | |
|--|-------------------------------------|--------------------------------|-------------------------------------|
| 1. Routing Slip | <input checked="" type="checkbox"/> | 21. County Clerk Letter | <input checked="" type="checkbox"/> |
| 2. Appraisal | <input checked="" type="checkbox"/> | 22. County Tax Assessor Letter | <input checked="" type="checkbox"/> |
| 3. Evaluation | <input checked="" type="checkbox"/> | | |
| 4. Adjoining or Surrounding Landowner Letter | <input checked="" type="checkbox"/> | | |
| 5. Lessee Letter (if applicable) | <u>NA</u> | | |
| 6. Application Letter (Direct Sale Only) | <u>NA</u> | | |
| 7. Application to Purchase Land by Direct Sale | <u>NA</u> | | |
| 8. Waivers from Adjoining Landowners (Direct Sale Only, if applicable) | <u>NA</u> | | |
| 9. SLB Memo | <u>—</u> | | |
| 10. SBS Information Sheet (if applicable) | <input checked="" type="checkbox"/> | | |
| 11. SBS Bid Application (SBS Only) | <input checked="" type="checkbox"/> | | |
| 12. Verification (SBS Only) | <input checked="" type="checkbox"/> | | |
| 13. SLB Approval Letter (Direct Sale Only) | <u>NA</u> | | |
| 14. Successful Bid Letter (SBS Only) | <input checked="" type="checkbox"/> | | |
| 15. Amortization Schedule (Terms Only) | <u>NA</u> | | |
| 16. Obligation (Terms Only) | <u>NA</u> | | |
| 17. Distribution Slip(s) | <input checked="" type="checkbox"/> | | |
| 18. Antiquities Conservation Easement (if applicable) | <u>NA</u> | | |
| 19. Land Award or Deed with Commissioner's signature and GLO seal | <input checked="" type="checkbox"/> | | |
| 20. Land Award or Deed Letter | <input checked="" type="checkbox"/> | | |

File No. 155318 (15)

Terrell County

Land Sale Checklist

Date Filed: 4-19-2005

Jerry E. Patterson, Commissioner

By Clay Chumak

ARCHIVE FILE ROUTING CHECKLIST
ASSET MANAGEMENT DIVISION

New File No.: 155318 Old File No.: 146928

New Control No.: 15-16850 Old Control No.: 04-103202

County: Terrell Acres: 160.⁰

Acquisition or Disposition: Sealed Bid Sale Direct Sale Trade

ACTIVE ARCHIVE FILE!
This file has been transferred to you until returned to Isabel Alfaro.

AREA	ACTION	DATE	INITIALS
<u>INVENTORY:</u>			
Isabel Alfaro	Endorse & Index New School File	<u>5-9-05</u>	<u>dk</u>
	Endorse Old File Jacket	<u>"</u>	<u>"</u>
	Update Property Record in GLOBase	<u>"</u>	<u>"</u>
	Index Archive File Routing Checklist	<u> </u>	<u> </u>
	Transfer File to Archives & Records	<u> </u>	<u> </u>
<u>SURVEYING:</u>			
Ben Thomson	Endorse Old File Jacket Acreage	<u>5/31/05</u>	<u>F</u>
	Endorse Field Notes	<u> </u>	<u> </u>
	Assign Abstract Number, if applicable	<u>5/31/05</u>	<u>F</u>
	Note Abstract Number on File Jacket	<u>5/31/05</u>	<u>F</u>
Doug Howard	Complete Abstract Supplement Sheet	<u> </u>	<u> </u>
	Update County Map	<u>11/0 W 2-16-2006</u>	<u>D.J.H.</u>
	Update School Land Register	<u>3/21/2006</u>	<u>V.H.A.</u>
	Update State Fee Map	<u>3-1-2006</u>	<u>djh</u>
<u>GIS:</u>			
Jeff Perkins	Update Tobin OTLS	<u>3/31/06</u>	<u>Went</u>
<u>ENERGY:</u>			
Jesse Arellano	Update Mineral Map	<u>3-23-07</u>	<u>JK</u>
<u>ASSET INSPECTIONS:</u>			
Ned Polk	Leases Canceled	<u>4/3/07</u>	<u>CK</u>
	ME(s) Converted to Perpetual	<u>4/3/07</u>	<u>CK</u>
	Endorse New File Jacket	<u> </u>	<u> </u>

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File No. 155318

TERRELL County

ARCHIVE FILE ROUTING CHECKLIST

Date Filed: 4-4-07
Jerry E. Patterson, Commissioner

By: Isabel Alfaro