



BAY CITY

MINUTES • JANUARY 11, 2018

Council Chambers

Workshop

5:30 PM

1901 5TH STREET
BAY CITY, TX 77414

I. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Becca Sitz	Councilwoman	Present	
Jason Childers	Councilman	Present	
Mark A. Bricker	Mayor	Present	
Chrystal Folse	Councilwoman	Present	
William Cornman	Mayor Pro-Tem	Present	
Julie Estlinbaum	Councilwoman	Present	

II. APPROVAL OF AGENDA

The agenda was unanimously approved, as written, by motion. Councilman Jason Childers made the motion and it was seconded by Councilwoman Chrystal Folse.

III. FUTURE ACTION ITEMS

1. Report

~ DISCUSS THE APPLICATION FOR DRILLING PERMIT SUBMITTED BY GOLDSTON OIL CORPORATION FOR WELL SITES LOCATED 1,000 LF WEST OF STATE HIGHWAY 60 SOUTH AND 1,500 LF SOUTH OF THOMPSON ROAD AT THE END OF HIRAM BRANDON STREET NEAR MORNINGSIDE DRIVE.

Daniel Guier, Goldston Oil Corporation
Public Works Director, Barry Calhoun and representatives from Goldston Oil Corporation presented the drilling application to Council members.

Councilman Bill Cornman had Bay City water well concerns and traffic concerns in the area of the planned drilling. He also discussed the possible problem in developing the property in the future.

Councilman Jason Childers had variance and noise concerns.

Barry Calhoun stated the variances are usual. No major issues foreseen. Recommends to grant variances.

Road improvements will occur should roads be damaged due to a road maintenance agreement.

2. Presentation

~ DISCUSS AND CONSIDER REVISING THE PARKING DESIGN FOR DOWNTOWN HIGHWAY 35 AND HIGHWAY 60 TO PARALLEL PARKING.

Assistant Public Works Director, Marla Jasek

Assistant Public Works Director, Marla Jasek presented this agenda item to Council members. She has drafted a letter to TxDot, detailing the City's desire to change areas to parallel parking. Council members requested a letter be drafted to business and residential owners in the area downtown.

Councilwoman, Becca Sitz, stated that the focus is on Highway 35 and Highway 60 and is to exclude the Court House area. Both Cornman and Sitz stated they have had lots of feed back from the community. Some citizens are concerned about the change.

Councilman, Bill Cornman discussed the new parking lot being purchased by the CDC Board on 5th street. 5th and 6th streets, on both sides of the road, would be a good area to start the plan.

Possibly 30% lose of parking area due to parallel parking.

3. Presentation

~ DISCUSS, CONSIDER, AND/OR APPROVE A DEVELOPMENT INCENTIVE PROPOSAL FOR NEW BUSINESSES AND NEW CONSTRUCTION WITHIN THE CITY LIMITS OF BAY CITY.

Mayor Mark A. Bricker

Mayor Bricker gave a proposal for this agenda item. Form based codes were used to formulate the plan. Plan would extend the City's current home incentive plan used in the past by the CDC Board.

Councilwoman, Becca Sitz stated she wanted the plan to include larger boundaries. She also wanted to include an occurrence cap of \$2,500 - \$25,000.

Councilman, Bill Cornman asked to see a more detailed proposal on a future agenda. Define financial cap, timeline and defined boundaries.

Bay City Community Development Director, DC Dunham stated that she would need to make a presentation to her Board members regarding their participation in an incentive plan.

4. Presentation

~ DISCUSS AND CONSIDER THE REPORT FROM THE CITY REGARDING POSSIBLE PROPERTIES AND FUNDING FOR THE RELOCATION OF THE RECYCLING CENTER.

Assistant Public Works Director, Marla Jasek

Assistant Public Works Director, Marla Jasek made a report to Council members concerning this agenda item.

Public works has just started working on this. What is SAL's timeline for development? Evaluation of various properties is ongoing.

Councilman Cornman indicated that there was not a budget planned for this relocation. He believes engineering costs and scope of work to consider. Indicated that Fayette County has a new facility that may assist the City in a direction. Possible HGAC grant. Cornman believes future re-negotiations may be necessary with the developer of the property.

North downtown resident, Ann Ryan, addressed Council regarding the relocation of the recycling center. She stated that something needs to be done. It's time.

5. Presentation

~ DISCUSS AND CONSIDER THE FINANCIAL ANALYSIS AND PROCESS OF THE MATAGORDA COUNTY CONVENTION AND VISITORS BUREAU TRANSITION AND THE EFFECT ON THE CURRENT CITY BUDGET.

Finance Director, Scotty Jones

Finance Director, Scotty Jones reviewed a financial analysis she prepared regarding the CVB transition.

6. Presentation

~ DISCUSS CURRENT AND FUTURE AGREEMENTS WITH THE BAY CITY CHAMBER OF COMMERCE AND AGRICULTURE.

Finance Director, Scotty Jones

Finance Director, Scotty Jones and Assistant City Attorney, Shannon Kackley presented this agenda item to Council members.

Scotty Jones proposed merging agreements that will involve the Chamber, Civic Center administration.

Council members felt this was done too quickly and that it was costing un-budgeted money.

Councilman, Bill Cornman indicated that the CVB was getting an excellent employee with tons of experience. He stressed that Council needed to resolve this transition tonight.

IV. ITEMS/COMMENTS FROM MAYOR AND COUNCIL MEMBERS

None

V. ADJOURNMENT

AGENDA NOTICES:

Action by Council Authorized:

The City Council may vote and/or act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation, settlement offer or 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 conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body, if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person, or appear in executive session by conference call in accordance with applicable state law.

Attendance By Other Elected or Appointed Officials:

It is anticipated that members of other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or committees of the City, whose members may be in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.

Executive Sessions Authorized:

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

This is to certify that the above notice of a Workshop was posted on the front window of the City Hall of the City of Bay City, Texas on Monday, January 8, 2018 before 5:30 p.m. Any questions concerning the above items, please contact Mayor Mark A. Bricker at (979) 245-2137.

David Holubec
City Secretary



City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 01/11/18 05:30 PM
Department: Public Works
Category: Report
Prepared By: Barry Calhoun
Initiator: Barry Calhoun
Sponsors:
DOC ID: 2948

DISCUSSION ITEM (ID # 2948)

**~ DISCUSS THE APPLICATION FOR DRILLING PERMIT
SUBMITTED BY GOLDSTON OIL CORPORATION FOR WELL
SITES LOCATED 1,000 LF WEST OF STATE HIGHWAY 60
SOUTH AND 1,500 LF SOUTH OF THOMPSON ROAD AT THE
END OF HIRAM BRANDON STREET NEAR MORNINGSIDE
DRIVE.**

Goldston Oil Corporation is located in Houston, TX and is currently operating wells in several counties stretching from south Texas to northeast Texas. Goldston Oil Corporation is seeking to drill a dual well (oil & gas) located on Matagorda Development Framing, LTD property currently owned by Mr. & Mrs. Don Stone. The proposed surface location is within the City limits.

The oil and gas well is anticipated to encounter multiple subsurface targets in the Nodosaria and upper Tex Miss Sections of the Frio Formation, lying between the subsurface depths of 9,200' and 10,000'. The well is scheduled to be a straight hole down to approximately 1,700'. A well bore path no greater than 10" in diameter will become directional and turn in a southeasterly direction and drill down to a vertical depth of 10,100' beneath the surface of the earth.

On the surface, the well is within 600' of the Oaks of Bay City Apartment Complex, Morris Mobile Home Park, Mockingbird Mobile Home Park, Mockingbird Lane Water Plant and 10 residences located on Brandon Court, Hiram Brandon Street and Morningside Drive. Because the proposed site is within 600' of a protected use, the applicant will be required to comply with the High Impact Gas Well permit. The Railroad Commission has approved the permit to drill. The ground water application report was submitted and the Railroad Commission has accepted the request and provided comments.

Based on current information submitted by Goldston Oil Corporation, it is not anticipated that the well will require fracing.

COMMENTS - Current Meeting:

Public Works Director, Barry Calhoun and representatives from Goldston Oil Corporation presented the drilling application to Council members.

Councilman Bill Cornman had Bay City water well concerns and traffic concerns in the area of the planned drilling. He also discussed the possible problem in developing the property in the future.

Councilman Jason Childers had variance and noise concerns.

Barry Calhoun stated the variances are usual. No major issues foreseen. Recommends to grant variances.

Road improvements will occur should roads be damaged due to a road maintenance agreement.

GOLDSTON OIL CORPORATION

September 17, 2017

City of Bay City, Texas
1901 5th Street
Bay City, Texas 77414

Attn: Ms. Rhonda Clegg, City Secretary

Re: Application for Drilling Permit
Goldston Oil Corporation – Badouh Heirs No. 1 Well

Dear Ms. Clegg:

Goldston Oil Corporation (“Goldston”) wishes to submit this Application for a High Impact Gas Well Drilling Permit to the City of Bay City, Texas for consideration and approval. Pursuant to discussions with attorneys from Denton, Navarro, Rocha, Bernal, Hyde & Zoch, representatives of Bay City, Texas, regarding our compliance with the existing drilling ordinances, we herewith submit the following information:

IN SUMMARY:

1. Goldston's proposed oil and gas well is anticipated to encounter multiple subsurface targets in the Nodosaria and upper Tex Miss Sections of the Frio Formation, lying between the subsurface depths of 9,200' and 10,000'. The proposed well's surface site is to be located just south of Bay City proper, approximately 1,000' West of Highway 60, and approximately 1,500' South of Thompson Road, as depicted on the plat attached to this letter.
2. The well's proposed surface location is within the city limits. The well is scheduled to be a straight hole down to approximately 1,700'. From there the less than ten inch (10") in diameter well bore path will become directional and turn in a southeasterly direction and drill down to approximately 10,100' vertical depth (10,300' total measured depth) beneath the surface of the earth.
3. The well's proposed bottom hole location is within the city limits, approximately 310' East of Highway 60 and approximately 40' South of Willow Street, somewhere around 10,100' total vertical depth beneath the surface of the earth.
4. The initial drilling should take approximately twenty-one (21) days, and drilling should be continuous (24 hours a day). Thereafter traffic should diminish significantly and depending on the type of production, oil and/or gas, subsequent traffic may be minimal. There will not be a need for gas compression during drilling operations and there is no fracing anticipated for this well at this time nor in the future, but we never want to rule it out is a possible solution should we run into a tight formation. Goldston will drill their own water well on the padsite to approximately 400' and will utilize earthen mud pits. In the event we make a productive well we anticipate a dehydrator will be located on the premises for treating the gas and that initially there will be no need for a compressor, but there may be a need for one in the future.

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

5. There are two (2) leased tracts that will be used in conjunction with our proposed oil and gas well:

- a. Surface Drill Site Tract – The lease tract which we are proposing to drill from covers 1.72 contiguous acres of open pasture land owned by Matagorda Development Farming, LTD. The tract is bounded on the North by The Oaks of Bay City Apartment Complex, on the East by the Thompson Place Subdivision, on the South by the Bay Ridge Subdivision, and on the West by pasture land owned by Matagorda Farming Development, LLC. We have entered into an agreement with the surface owner covering our surface operations on this tract.
- b. Bottom Hole Location – The bottom hole lease tract and proposed production unit covers 40 contiguous acres of land situated in the Elisha Hall Survey, A-45, Matagorda County, Texas, being described as the most westerly 40.00 acres of a called 81.93 acre tract of land, more or less, as described in that certain Deed dated May 26, 1930 from O. Gaudet and E. A. Gaudet to E. M. Badouh, recorded in Vol. 90, Pg. 43 Deed Records, Matagorda County, Texas. The surface of the bottom hole lease tract is comprised of the Cottonwood Subdivision.

Since our surface drill site location is open pasture lands just inside the city limits, and since we are made subject to the requirements set out in our surface owner's agreements and mineral owners' leases, there are certain items within the newly enacted city ordinance which we feel are either not applicable to our situation, or are in conflict with our agreement with the surface tract owner and/or mineral owners' leases, or need clarification prior to city approval. As such, we have attached to this application, as Exhibit M, a list of variances covering the existing ordinances which we wish to have the city council consider in reviewing our permit. In addition to the drilling permit, Goldston herein also requests the city's consent and approval to any subsurface exploration activities conducted under any of its existing utility easements within the Lands described above.

We have worked closely with the Bay City attorneys and have identified what we believe are workable solutions, however the decisions are ultimately up to the City Council. We look forward to working expeditiously with the council and their representatives and are available to answer any questions you may have in this regard.

Thank you for considering our proposal,

GOLDSTON OIL CORPORATION

Daniel Guier
Production Manager

Enc.

GOLDSTON OIL CORPORATION – DRILLING PERMIT APPLICATION

September 17, 2017

1. Applicant Operator name, address, phone number, and emergency phone number:

Goldston Oil Corporation, a Texas corporation
 1819 Saint James Place
 Houston, Texas 77056
 (713) 355-3408 (Main Phone)
 (713) 355-4248 (Facsimile)
 (800) 268-2261 (Emergency Phone)

2. Well Data, including Texas Railroad Commission (TRRC) form W-1:

- a. Proposed Well Name: "Goldston Oil Corporation – Badouh Heirs No. 1 Well".
- b. Proposed total vertical depth is 10,100';
- c. Well is to be drilled as a straight hole down to approximately 1,700'. From there the well bore path will become directional and turn in a southeasterly direction and drill down to approximately 10,100' vertical depth (10,300' total measured depth) beneath the surface of the earth. The well is anticipated to encounter multiple subsurface targets in the Nodosaria and upper Tex Miss Sections of the Frio Formation, lying between the subsurface depths of 9,200' and 10,000'.
- d. Estimated date to begin drilling: Within 60 days following issuance of last of required City Permits;
- e. Legal Description of total acreage leased for the application: 41.72 acres- See **Exhibit A** for legal description;
- f. Amount of acreage to be used for production unit: 40 acres
- g. Number of oil and/or gas wells to be drilled: One (1)

3. Surface Drill Site Owner name and address:

Matagorda Farming Development, LTD
 c/o Mr. and Mrs. Don Stone
 1105 Avenue F. North
 Bay City, Texas 77414

4. Name and address of individual designated to receive notice:

Daniel Guier
 c/o Goldston Oil Corporation
 1819 Saint James Place
 Houston, Texas 77056
 (713) 355-3408 (Main Phone)
 (713) 355-4248 (Facsimile)
 (713) 560-1452 (Cell Phone)

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

5. Name of representative to contact in an emergency and who has supervisory authority over all gas operation-site activities and a 24-hour phone number:

Daniel Guier
 Production Manager
 c/o Goldston Oil Corporation
 1819 Saint James Place
 Houston, Texas 77056
 (713) 355-3408 (Main Phone)
 (713) 355-3429 (Facsimile)
 (713) 560-1452 (Cell Phone – 24 hour phone number)

6. Location and description of all improvements and structures within 600' of the well (See sketch attached- **Exhibit B**):

- a. The Oaks of Bay City Apartment Complex
- b. Hiram Brandon Street
- c. Morningside Drive
- d. Single Family Residence located at 1500 Morningside Drive
- e. Single Family Residence located at 1504 Morningside Drive
- f. Morris Mobile Home Park located at 4508 Mockingbird Lane
- g. Mockingbird Mobile Home Park located at 4416 Mockingbird Lane
- h. Water Tower, Pumping Station and associated Facilities at the City of Bay City Mockingbird Lane Water Plant
- i. Residence located at 4701 Hiram Brandon Street
- j. Residence located at 4703 Hiram Brandon Street
- k. Brandon Court
- l. Residence located at 1409 Brandon Court
- m. Residence located at 1407 Brandon Court
- n. Residence located at 1405 Brandon Court
- o. Residence located at 1403 Brandon Court
- p. Residence located at 1401 Brandon Court
- q. Residence located at 1400 Brandon Court

7. Owner and address of each parcel or property within 600 feet of the proposed Surface Drill Site:

- a. Matagorda Development Farming, LTD
 1105 Avenue F North
 Bay City, Texas 77414
- b. Ahmed A. Alsumiri
dba The Oaks of Bay City Apartment Complex
 P.O. Box 198
 Woodlake, California 93286-0198

- c. City of Bay City
1901 5th Street
Bay City, Texas 77414-6199
- d. Meredith S. Huggins
2 Renwick Street
Bay City, Texas 77414-8522
- e. Mattie Sue Ringgold Revocable Living Trust
4315 Hiram Brandon
Bay City, Texas 77414
- f. Joe Zavala Living Trust
4312 Mockingbird Lane
Bay City, Texas 77414
- g. Brady Bowers
1500 Morningside Drive
Bay City, Texas 77414
- h. Antonio Lopez
1504 Morningside Drive
Bay City, Texas 77414
- i. Benjamin & Martha Gonzalez
1508 Morningside Drive
Bay City, Texas 77414
- j. Fred L. Jack
105 Hulu Court
Bastrop, Texas 78602
- k. Janice Brown
4404 Mockingbird Lane Drive
Bay City, Texas 77414
- l. Peggy I. Jack & Dottie Jack Howell
105 Hulu Court
Bastrop, Texas 78602
- m. Helen Morris
2303 Waydak Circle
Tyler, Texas 75701

- n. Harlan B. Cassel
1600 Morningside Drive
Bay City, Texas 77414
- o. Diana Rhodes & Charles Moehrig Rhodes
4405 Mockingbird Lane
Bay City, Texas 77414
- p. Alejo Gonzalez, III & Janie A Gonzalez
4412 Avenue F
Bay City, Texas 77414
- q. Silverio & Nancy Rodriguez-Garcia
4304 Mockingbird Lane
Bay City, Texas 77414
- r. Jonita F. Fletcher Estate
c/o Alicia Brossard
1315 Ave G
Danbury, Texas 77534
- s. Ramon & Esther De La Rosa
4607 Mockingbird Lane
Bay City, Texas 77414
- t. Billy Wayne Gray and Paula Gray
2700 Marguerite Street
Bay City, Texas 77414
- u. Travis & Isabel Owens
4601 Mockingbird Lane
Bay City, Texas 77414
- v. Michelle Rocha
4605 Mockingbird Lane
Bay City, Texas 77414
- w. Kyle T Hudgins
dba Bayside Boat Barns
12825 FM 457
Bay City, Texas 77414
- x. D. Alexander Homes Inc.
4810 Creek Point Lane
Missouri City, Texas 77459

- y. Nathan R. Lubbers & Ashley B. Lubbers
P.O. Box 703
Matagorda, Texas 77457-0703
- z. Artemio Ochoa & Gloria Ochoa
4703 Hiram Brandon Drive
Bay City, Texas 77414
- aa. Michael S. & Tiffany F. McArthur
4701 Hiram Brandon Drive
Bay City, Texas 77414
- bb. Darrell Lucky
374 Louisiana Ave
Winnfield, Louisiana 71483-6168
- cc. Agustin & Maria M. Garcia
1407 Brandon Court
Bay City, Texas 77414
- dd. Albert Quintana
1405 Brandon Court
Bay City, Texas 77414
- ee. Thomas Jefferson Houston & Elizabeth J. Houston
1403 Brandon Court
Bay City, Texas 77414
- ff. Heather Hilliard
1401 Brandon Court
Bay City, Texas 77414
- gg. Monica C. Cox-Zamora
1400 Brandon Court
Bay City, Texas 77414
- hh. Cecelia L. Allen
1402 Brandon Court
Bay City, Texas 77414
- ii. Sylvan Clouden
1404 Brandon Court
Bay City, Texas 77414

jj. Nathalie Charles
1406 Brandon Court
Bay City, Texas 77414-8307

kk. Kenneth R. & Laura Ann Beach
1408 Brandon Court
Bay City, Texas 77414

ll. David Alan Engwer
1410 Brandon Court
Bay City, Texas 77414

8. A description of public utilities required during drilling and operation:

None

9. A description of the water source to be used during drilling:

Operator is to drill its own water well at the wellsite location, estimated depth to be around four hundred feet, plus or minus (400'+-).

10. Site Plan of Proposed Operation Site showing the location of all improvements and equipment, including the well and other facilities, including tanks, pipelines, compressors, separators, lights, storage sheds, fencing and access roads. Must also include flood ways, floodplains, city drainage ways, elevation and slope of the padsite: **(VARIANCE REQUESTED)**

(See **Exhibit C**)

11. Map of Proposed Transportation Route and road for equipment, chemicals or waste products used or produced by the gas operation:

(See **Exhibit D**)

12. An Accurate Legal Description of the Lease Property to be used for the operation, the parcel and the production unit and name of geologic formation as used by the commission:

(See **Exhibit E**)

13. Attach copies of all reports required by the commission as required by the gas inspector:

(See **Exhibit F**)

14. An Original Executed City-Wide Road Maintenance Agreement signed and approved by the city must be filed with the City secretary that provides that we will repair at our own

expense, any damage to roads, streets or highways caused by the use of heavy vehicles for any activity associated with the preparation, drilling, production, and operation of gas wells:

(See **Exhibit G**) (PENDING)

15. Attach a copy of the Approved Commission Permit to drill together with attachments and survey plats which are applicable to the drill and operation sites:

(See **Exhibit H**)

16. Attach a true copy of the TCEQ Letter setting out fresh water protection sand depths:

(See **Exhibit I**)

17. Attach Proof of Insurance dated not more than 10 days prior to date of filing:

(See **Exhibit J**) Include current cert with application with note that we will furnish additional cert showing coverage 10 days.

18. Attach a copy of the Stormwater Pollution Prevention Plan as required by the EPA. A copy of the Notice of Intent shall be submitted to the City three (3) days prior to the commencement of any on-site activity: **(VARIANCE REQUESTED)**

(See **Exhibit K**)

19. Attach Bond or Letter of Credit:

(See **Exhibit L**)

20. Attach a List by Section Number of Variances from the article requested and a brief reason for each variance:

(See **Exhibit M**)

21. Attach FAA Notice of Intent to drill.

(See **Exhibit N**)

22. Attach a Statement under oath, signed by Operator, or designated representative, stating that the information submitted with the application is to the best of knowledge and belief to be true and correct.

(See **Exhibit O**)

23. Attach all required application and permit fees:

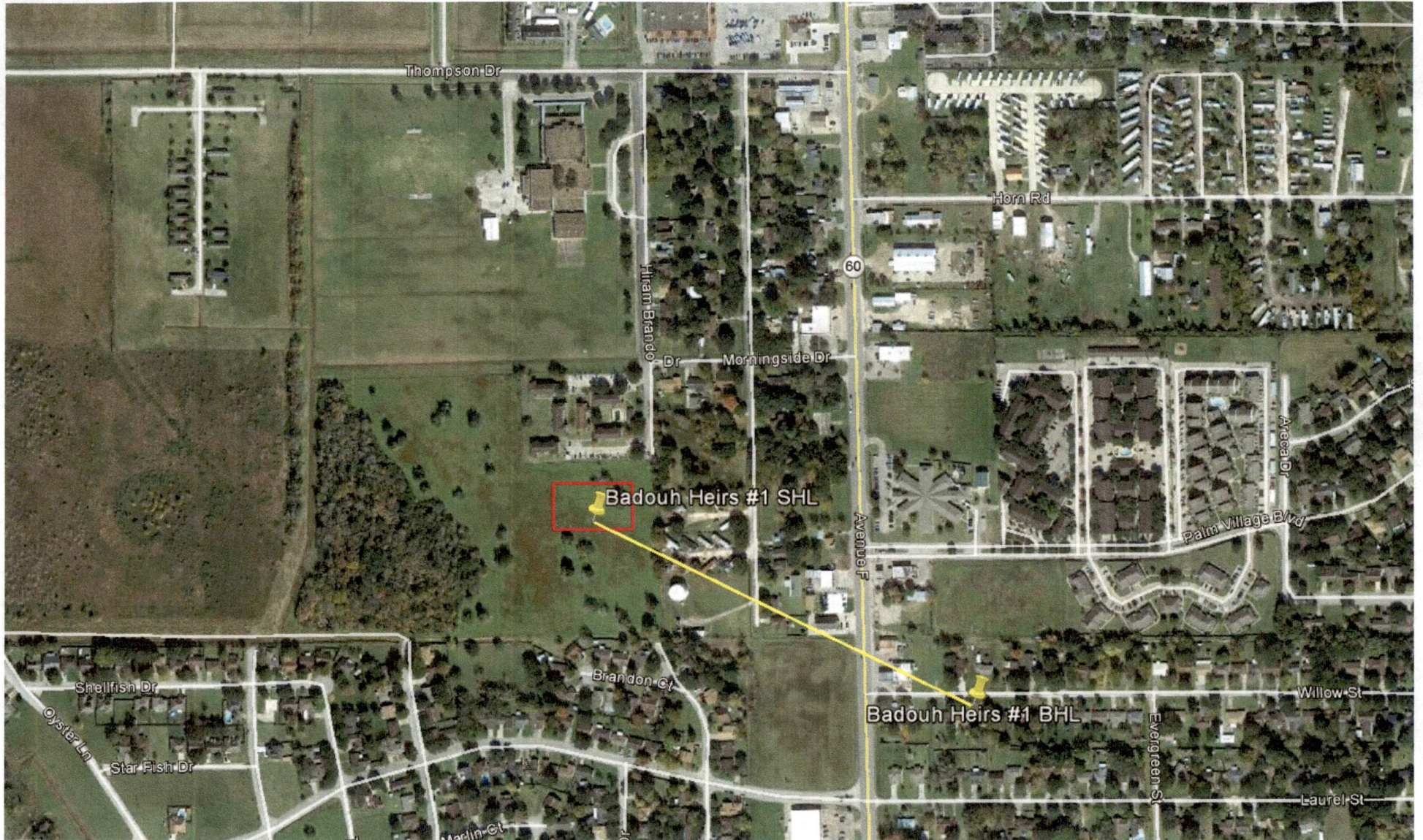


EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PROPERTY TO BE FOR THE GAS OPERATION, THE
PARCEL, AND THE PRODUCTION UNIT AND THE NAME OF THE GEOLOGIC FORMATION
TO BE USED BY THE COMMISSION

I. LEGAL DESCRIPTION OF LEASE PROPERTY TO BE USED FOR THE OPERATION:**A. FIRST PARCEL - SURFACE DRILL SITE TRACT:**

(ALL SURFACE OPERATIONS RELATED TO THIS APPLICATION WILL BE CONDUCTED
ON THIS ACREAGE)

1.72 acres of land, more or less, situated in the Elisha Hall League, A-45, Matagorda County, Texas, being an area of approximately 250.0' X 300.0' out of the Northerly portion of a called 7.11 acre tract described as Tract #2 in that certain Oil, Gas and Mineral Lease dated February 8, 2016 from John Kurt Darrow to Goldston Oil Corporation, recorded under Instrument No. 2016-00005844, of the Official Records for Matagorda County, Texas, and being the same 1.72 acres more particularly described by metes and bounds as follows: COMMENCING at an existing ½ inch iron rod located at the Southeast terminus corner of Hiram Brandon Drive and in the West line of Thompson Place Subdivision according to the Plat recorded at Volume 2, Page 41 of the Plat Records of Matagorda County, Texas and at the Northeast corner of said 7.11 acres; THENCE South 30°26'59" West, a distance of 131.76 feet to the PLACE OF BEGINNING; THENCE South 03°15'12" East, a distance of 250 feet to the Southeast corner of this 1.72 acre tract of land; THENCE South 86°44'48" West, a distance of 300 feet to the Southwest corner of this 1.72 acre tract of land; THENCE North 03°15'12" West, a distance of 250 feet to the Northwest corner of this 1.72 acre tract of land; THENCE North 86°44'48" East, a distance of 300 feet to the PLACE OF BEGINNING, containing within these Metes and Bounds 1.72 acres of land.

B. SECOND PARCEL - BOTTOM HOLE LOCATION TRACT:

(NO SURFACE OPERATIONS WILL BE CONDUCTED ON THIS ACREAGE)

40.00 acres of land, more or less, situated in the Elisha Hall Survey, A-45, Matagorda County, Texas, being described as the most westerly 40.00 acres of a called 81.93 acre tract of land, more or less, as described in that certain Deed dated May 26, 1930 from O. Gaudet and E. A. Gaudet to E. M. Badouh, recorded in Vol. 90, Pg. 43 Deed Records, Matagorda County, Texas.

II. THE PRODUCTION UNIT AND NAME OF GEOLOGIC FORMATION USED BY THE COMMISSION

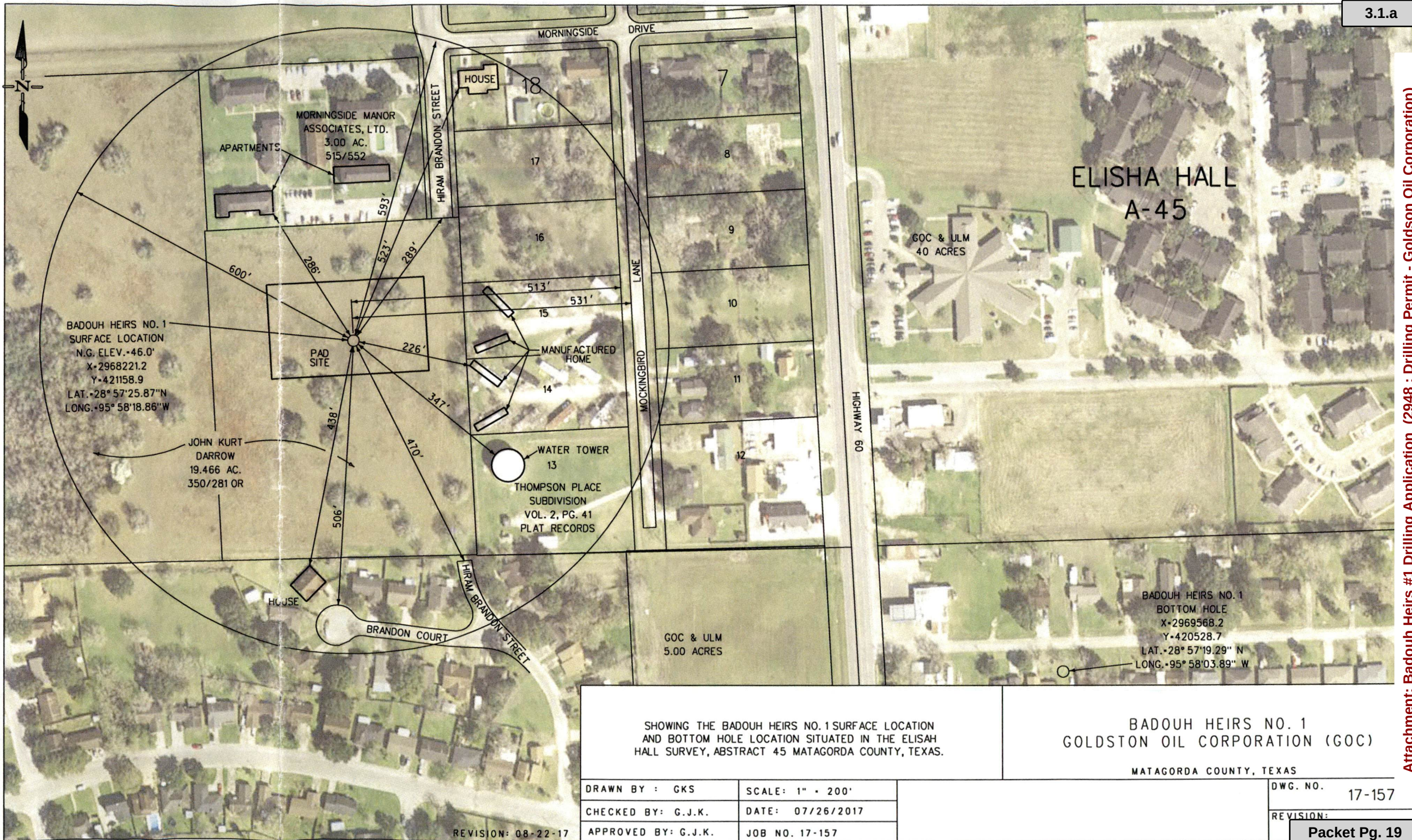
The Goldston Oil Corporation – Badouh Heirs No. 1 Well, anticipated to encounter multiple subsurface targets in the Nodosaria and upper Tex Miss Sections of the Frio Formation, lying between the subsurface depths of 9,200' and 10,000'.

* * * * * END OF EXHIBIT "A" * * * * *

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldston Oil Corporation)

EXHIBIT B – IMPROVEMENTS AND STRUCTURES

(SEE ATTACHED)



SHOWING THE BADOUH HEIRS NO. 1 SURFACE LOCATION
AND BOTTOM HOLE LOCATION SITUATED IN THE ELISAH
HALL SURVEY, ABSTRACT 45 MATAGORDA COUNTY, TEXAS.

BADOUH HEIRS NO. 1
GOLDSTON OIL CORPORATION (GOC)

MATAGORDA COUNTY, TEXAS

DRAWN BY : GKS

SCALE: 1" = 200'

CHECKED BY: G.J.K.

DATE: 07/26/2017

APPROVED BY: G.J.K.

JOB NO. 17-157

DWG. NO. 17-157

REVISION:

Packet Pg. 19

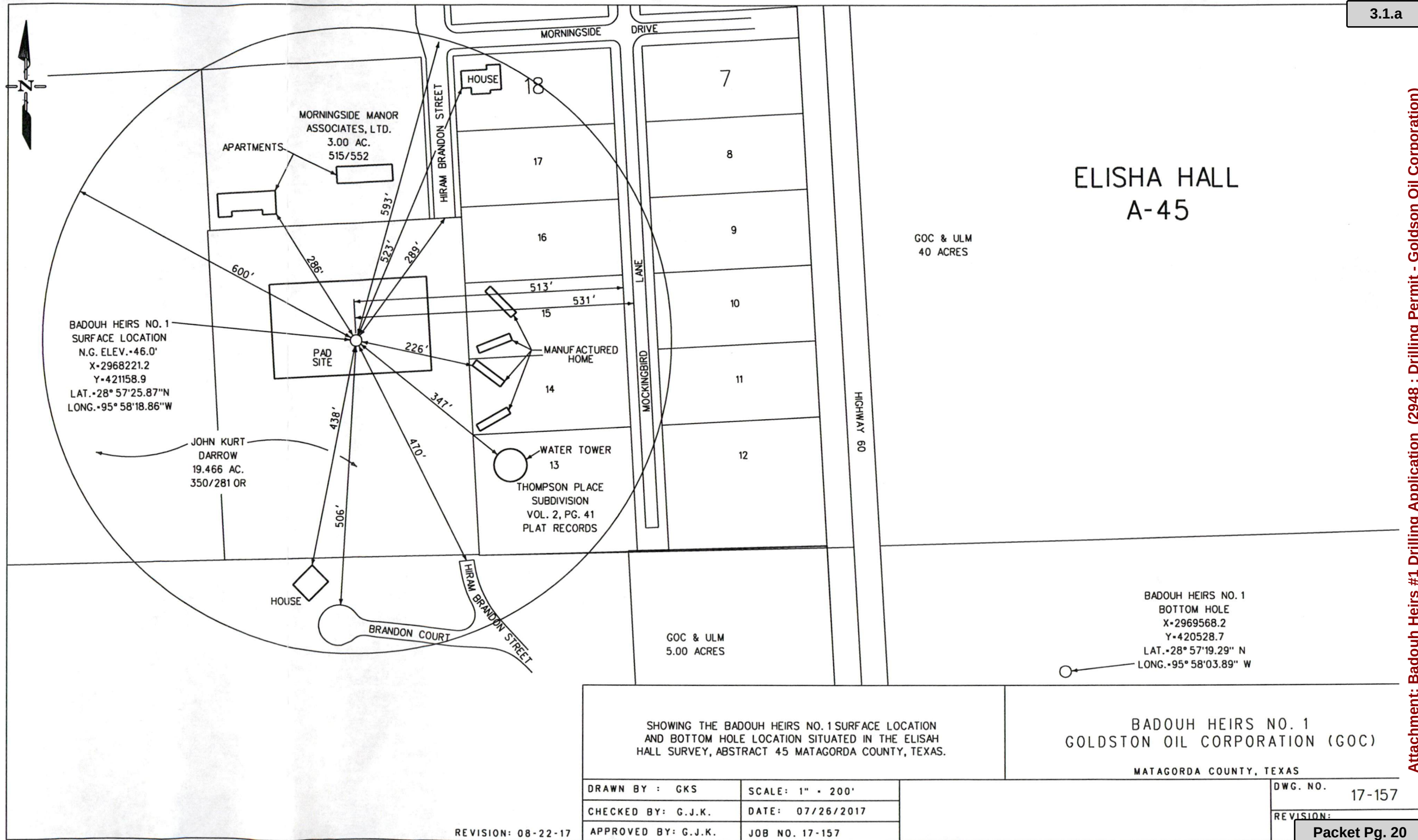


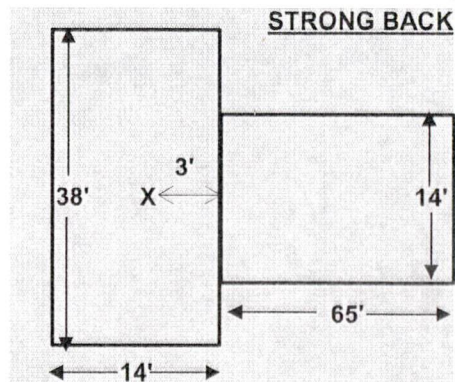
EXHIBIT C – SITE PLAN OF PROPOSED OPERTATION SITE

(SEE ATTACHED)

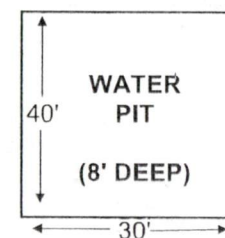
RIG # 3 and RIG #4



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

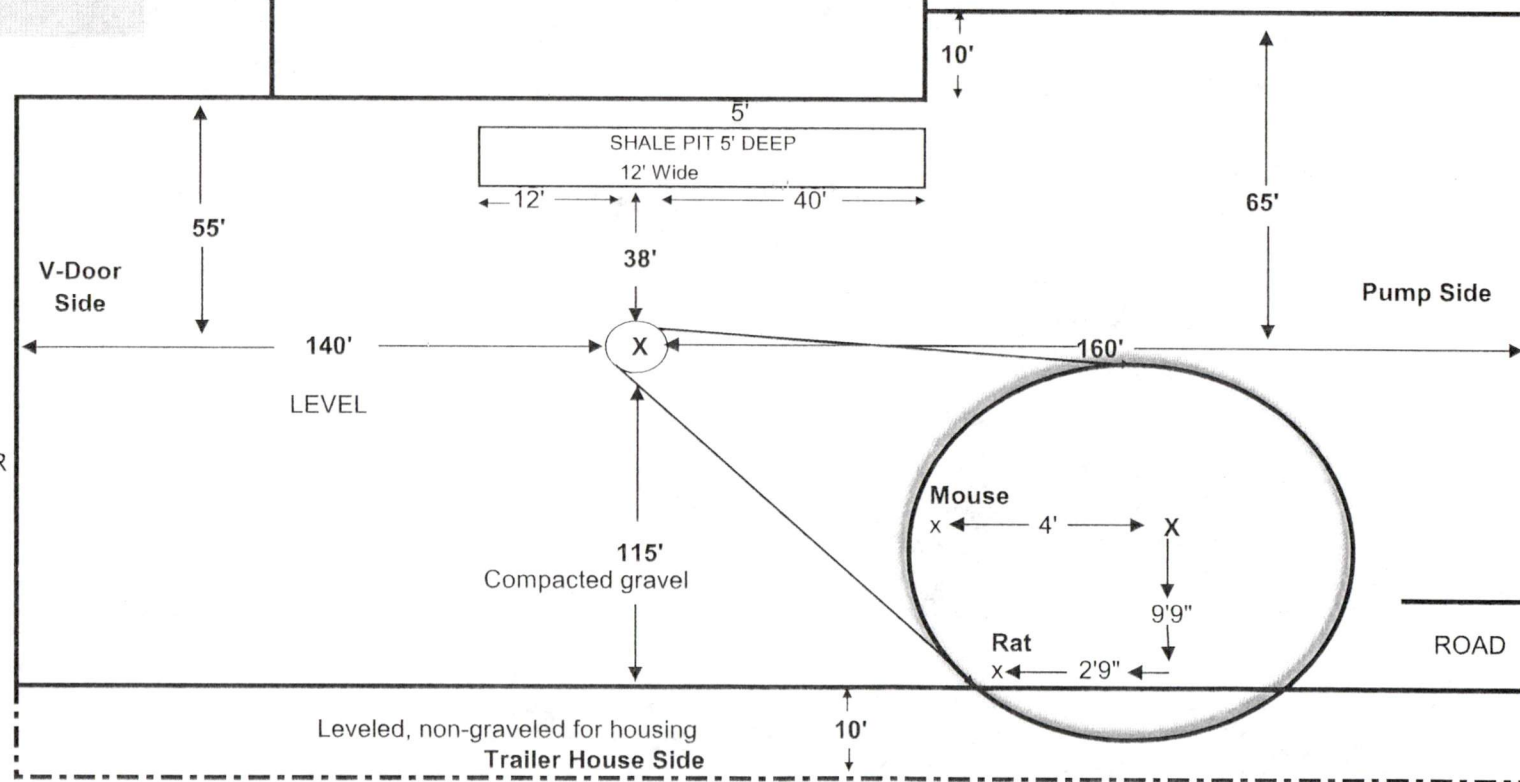


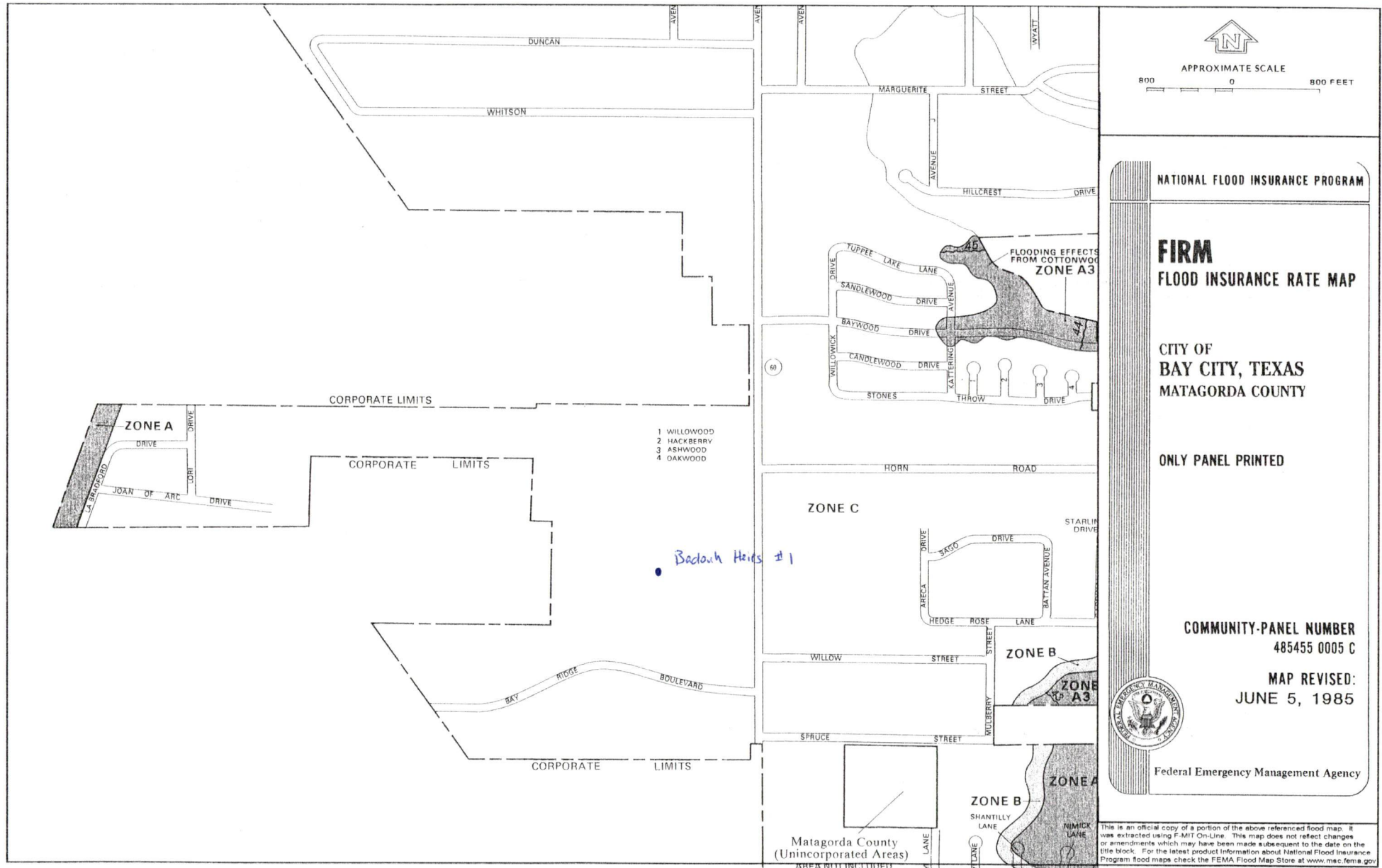
RESERVE PIT
(5' WALL)
150' X 150'



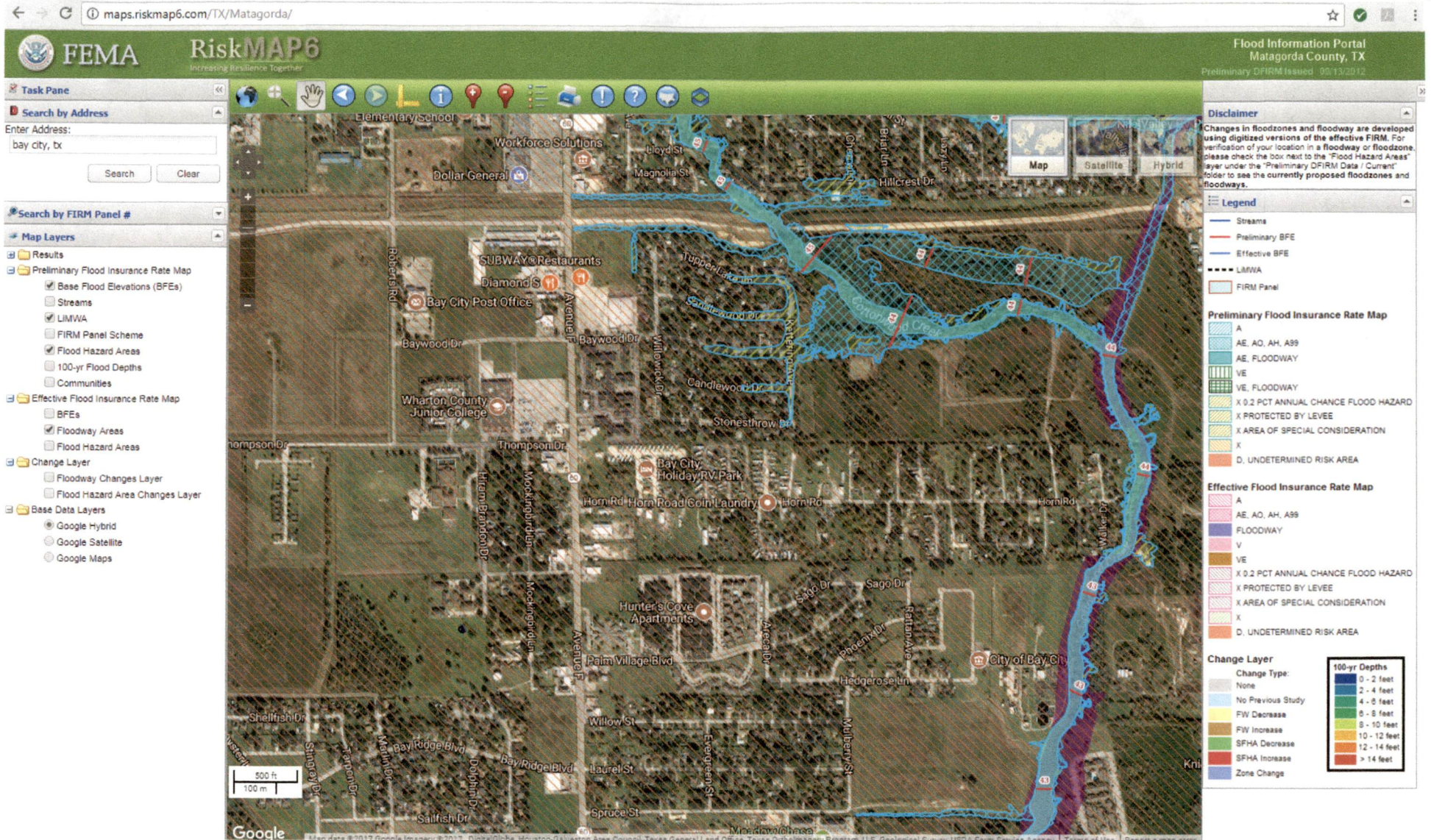
WATER PIT
(8' DEEP)
WATER WELL X

REQUIRE ALL WEATHER
ROAD AND LOCATION





Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)



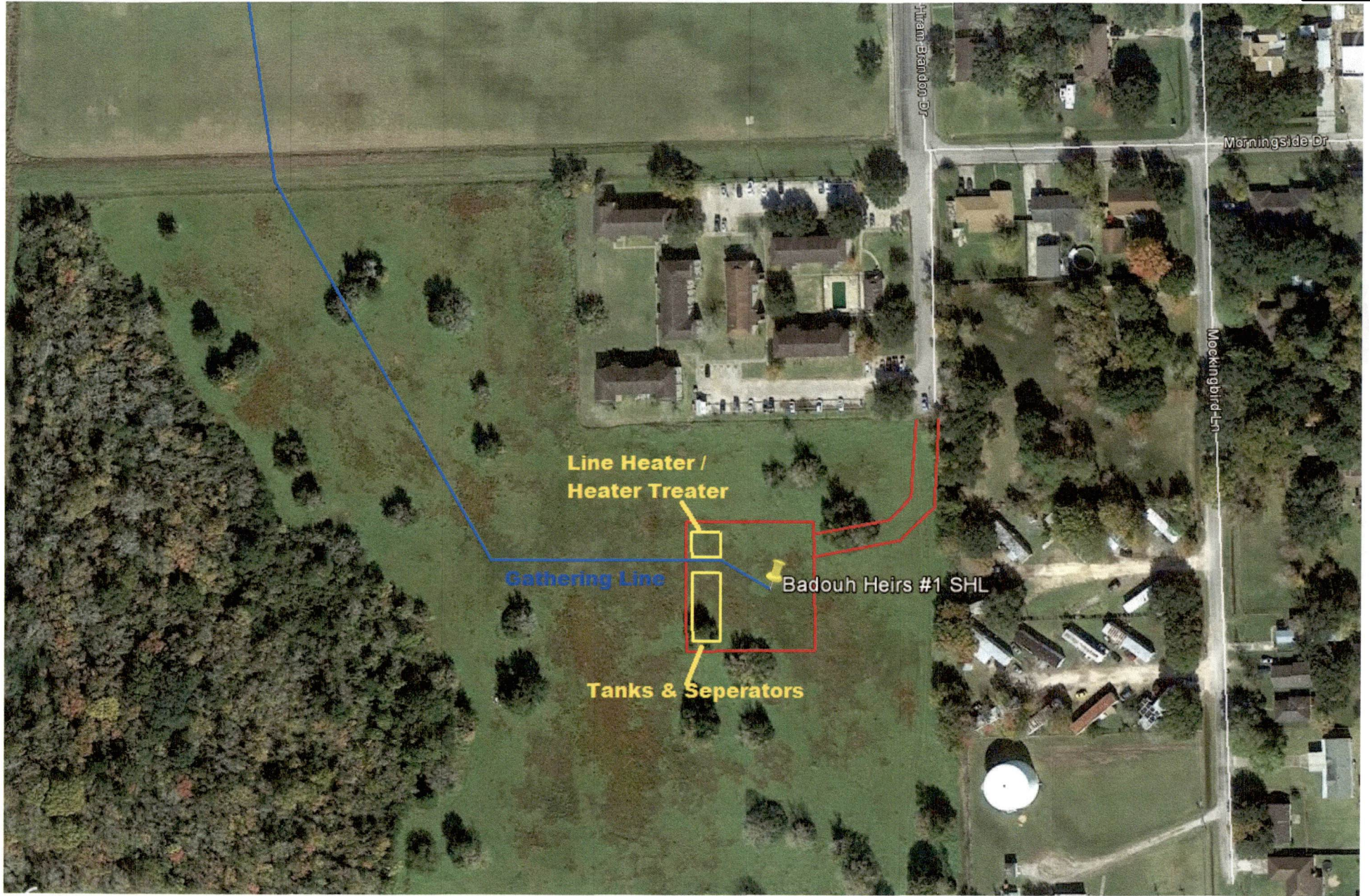


EXHIBIT D – PROPOSED TRANSPORTATION ROUTE (IN RED)

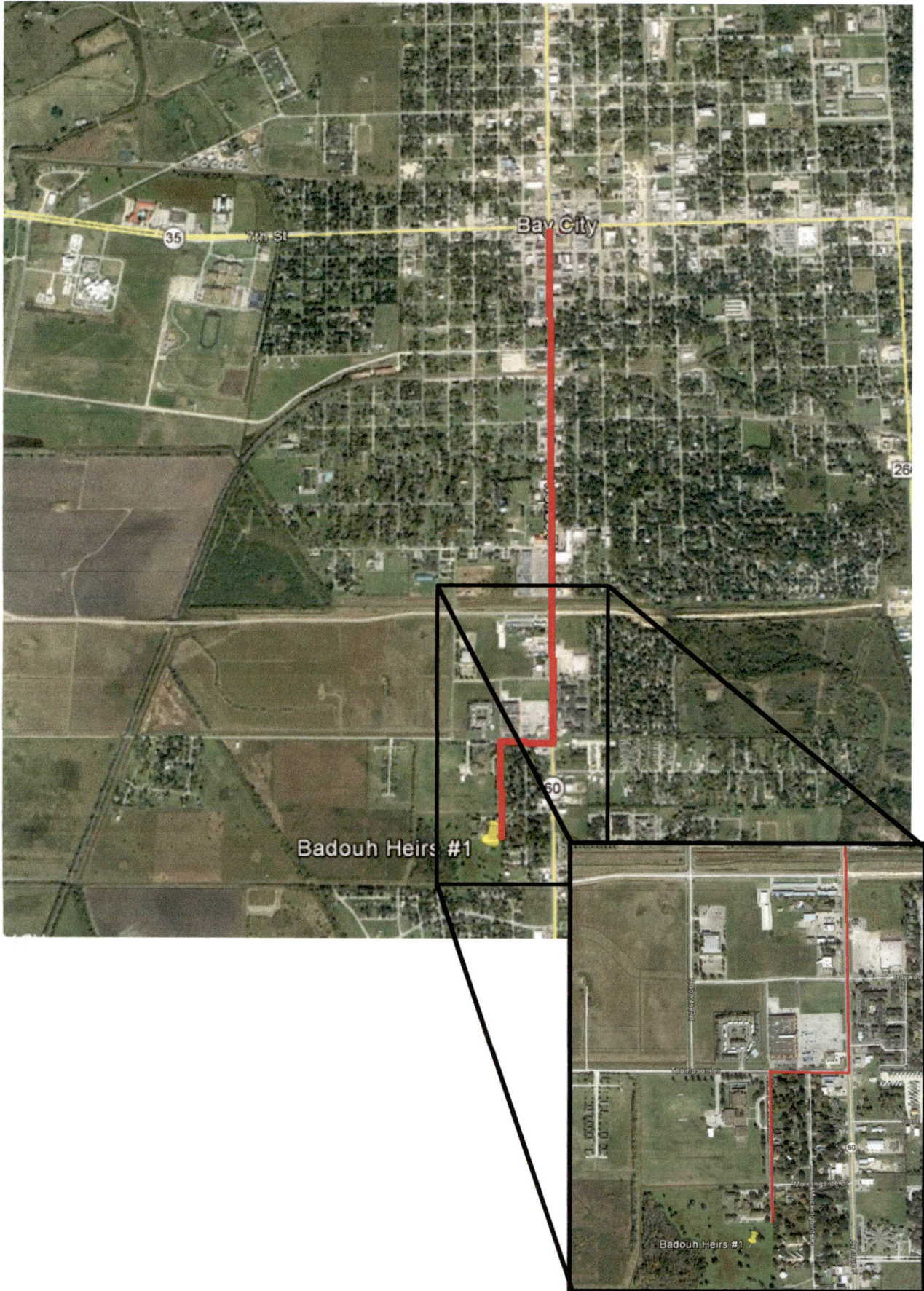


EXHIBIT E

**LEGAL DESCRIPTION OF THE LEASED PROPERTY TO BE FOR THE GAS OPERATION, THE
PARCEL, AND THE PRODUCTION UNIT AND THE NAME OF THE GEOLOGIC FORMATION
TO BE USED BY THE COMMISSION**

I. LEGAL DESCRIPTION OF LEASE PROPERTY TO BE USED FOR THE OPERATION:**A. FIRST PARCEL - SURFACE DRILL SITE TRACT:**

(ALL SURFACE OPERATIONS RELATED TO THIS APPLICATION WILL BE CONDUCTED
ON THIS ACREAGE)

1.72 acres of land, more or less, situated in the Elisha Hall League, A-45, Matagorda County, Texas, being an area of approximately 250.0' X 300.0' out of the Northerly portion of a called 7.11 acre tract described as Tract #2 in that certain Oil, Gas and Mineral Lease dated February 8, 2016 from John Kurt Darrow to Goldston Oil Corporation, recorded under Instrument No. 2016-00005844, of the Official Records for Matagorda County, Texas, and being the same 1.72 acres more particularly described by metes and bounds as follows: COMMENCING at an existing ½ inch iron rod located at the Southeast terminus corner of Hiram Brandon Drive and in the West line of Thompson Place Subdivision according to the Plat recorded at Volume 2, Page 41 of the Plat Records of Matagorda County, Texas and at the Northeast corner of said 7.11 acres; THENCE South 30°26'59" West, a distance of 131.76 feet to the PLACE OF BEGINNING; THENCE South 03°15'12" East, a distance of 250 feet to the Southeast corner of this 1.72 acre tract of land; THENCE South 86°44'48" West, a distance of 300 feet to the Southwest corner of this 1.72 acre tract of land; THENCE North 03°15'12" West, a distance of 250 feet to the Northwest corner of this 1.72 acre tract of land; THENCE North 86°44'48" East, a distance of 300 feet to the PLACE OF BEGINNING, containing within these Metes and Bounds 1.72 acres of land.

B. SECOND PARCEL - BOTTOM HOLE LOCATION TRACT:

(NO SURFACE OPERATIONS WILL BE CONDUCTED ON THIS ACREAGE)

40.00 acres of land, more or less, situated in the Elisha Hall Survey, A-45, Matagorda County, Texas, being described as the most westerly 40.00 acres of a called 81.93 acre tract of land, more or less, as described in that certain Deed dated May 26, 1930 from O. Gaudet and E. A. Gaudet to E. M. Badouh, recorded in Vol. 90, Pg. 43 Deed Records, Matagorda County, Texas.

II. THE PRODUCTION UNIT AND NAME OF GEOLOGIC FORMATION USED BY THE COMMISSION

The Goldston Oil Corporation – Badouh Heirs No. 1 Well, anticipated to encounter multiple subsurface targets in the Nodosaria and upper Tex Miss Sections of the Frio Formation, lying between the subsurface depths of 9,200' and 10,000'.

* * * * * END OF EXHIBIT "A" * * * * *

EXHIBIT F – COPIES OF ALL REPORTS REQUIRED BY COMMISSION

(SEE ATTACHED)

API No. <u>42-321-32414</u> Application Status # <u>828215</u> SWR Exception Case/Docket No. <u>0305723</u> (R37)		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Pending Approval <i>The RRC has not approved this application.</i> <i>Duplication or distribution of information is at the user's own risk.</i>	
1. RRC Operator No. <u>313990</u>		2. Operator's Name (as shown on form P-5, Organization Report) GOLDSTON OIL CORPORATION		3. Operator Address (include street, city, state, zip): P O BOX 570365 HOUSTON, TX 77257-0000		
4. Lease Name BADOUH HEIRS		5. Well No. <u>1</u>				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☐ Horizontal (Also File Form W-1H) ☒ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth <u>10300</u> *		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>03</u>		12. County <u>MATAGORDA</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>0</u> miles in a <u>Within</u> direction from <u>Bay City</u> which is the nearest town in the county of the well site.						
15. Section <u> </u>		16. Block <u> </u>		17. Survey <u>HALL, E</u>		
		18. Abstract No. <u>A-45</u>		19. Distance to nearest lease line: <u>250</u> ft.		
20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>40</u>						
21. Lease Perpendiculars: <u>3003</u> ft from the <u>SOUTH</u> line and <u>6278</u> ft from the <u>EAST</u> line.						
22. Survey Perpendiculars: <u>3003</u> ft from the <u>SOUTH</u> line and <u>6278</u> ft from the <u>EAST</u> line.						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No: <u> </u>		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
03	38524316	HAMMAN (-P- SAND)	Oil or Gas Well	9170	0.00	
03	38524001	HAMMAN	Oil Well	9730	0.00	
03	00006001	WILDCAT	Oil or Gas Well	10000	0.00	
03	38524420	HAMMAN (9420)	Oil or Gas Well	9428	0.00	
32. Number of Wells on this lease in this Reservoir						
03 1						
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1D attachment)						
Remarks [RRC STAFF Jul 26, 2017 1:48 PM]: Total Depth revised per Denise Phillips. No other changes made.			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Denise Phillips, Production Assistant</u> <u>Jun 26, 2017</u> Name of filer Date submitted <u>(713)3553408</u> <u>denise@goldstonoil.com</u> Phone E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: <u>Jul 26, 2017 1:54 PM (Current Version)</u>						

Permit Status: Pending Approval

*The RRC has not approved this application.
Duplication or distribution of information is at
the user's own risk.*

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

W-1 Supplemental Field Data

07/2004

Status # 828215

Approved Date:

1. RRC Operator No. 313990	2. Operator's Name (exactly as shown on form P-5, Organization Report) GOLDSTON OIL CORPORATION	3. Lease Name BADOUH HEIRS	4. County MATAGORDA			
ADDITIONAL FIELD INFORMATION (continued from Page 1)						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
03	38524400	HAMMAN (9150)	Oil or Gas Well	9161	0.00	1
03	38524380	HAMMAN (8900)	Oil or Gas Well	8886	0.00	1
03	38524377	HAMMAN (8050)	Oil Well	8046	0.00	1
03	38524444	HAMMAN (9,800)	Oil or Gas Well	9950	0.00	1
03	38524422	HAMMAN (9500 FRIO)	Oil Well	9489	0.00	1

Permit Status: Pending Approval

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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A certification of the automated data is available in the RRC's Austin office.

Form W-1D

07/2004

Supplemental Directional Well Information

Status # 828215

Approved Date:

1. RRC Operator No. 313990	2. Operator's Name (exactly as shown on form P-5, Organization Report) GOLDSTON OIL CORPORATION	3. Lease Name BADOUH HEIRS	4. Well No. 1
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 HAMMAN (-P- SAND) (Field # 38524316, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line, and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line, and 4965 ft. from the East line			
5. Field as shown on Form W-1 HAMMAN (Field # 38524001, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line, and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line, and 4965 ft. from the East line			
5. Field as shown on Form W-1 WILDCAT (Field # 00006001, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line, and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line, and 4965 ft. from the East line			

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

Permit Status: Pending Approval

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Form W-1D

07/2004

Supplemental Directional Well Information

Status # 828215

Approved Date:

1. RRC Operator No. 313990	2. Operator's Name (exactly as shown on form P-5, Organization Report) GOLDSTON OIL CORPORATION	3. Lease Name BADOUH HEIRS	4. Well No. 1
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 HAMMAN (9420) (Field # 38524420, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line. and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line. and 4965 ft. from the East line			
5. Field as shown on Form W-1 HAMMAN (9150) (Field # 38524400, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line. and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line. and 4965 ft. from the East line			
5. Field as shown on Form W-1 HAMMAN (8900) (Field # 38524380, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line. and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line. and 4965 ft. from the East line			

Permit Status: Pending Approval

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Form W-1D

07/2004

Supplemental Directional Well Information

Status # 828215

Approved Date:

1. RRC Operator No. 313990	2. Operator's Name (exactly as shown on form P-5, Organization Report) GOLDSTON OIL CORPORATION	3. Lease Name BADOUH HEIRS	4. Well No. 1
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 HAMMAN (8050) (Field # 38524377, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line. and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line. and 4965 ft. from the East line			
5. Field as shown on Form W-1 HAMMAN (9,800) (Field # 38524444, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line. and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line. and 4965 ft. from the East line			
5. Field as shown on Form W-1 HAMMAN (9500 FRIO) (Field # 38524422, RRC District 03)			
6. Section	7. Block	8. Survey HALL, E	9. Abstract 45
10. County of BHL MATAGORDA			
11. Bottom hole Lease Line Perpendiculars 250 ft. from the North line. and 387 ft. from the West line			
12. Bottom hole Survey Line Perpendiculars # 2296 ft. from the South line. and 4965 ft. from the East line			



1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Stat: Submitted

Date: 06/26/2017

GAU No.: 174823

Version: 1

Pymt Trace No: 455RM001HTMUYD6

3.1.a

GROUND WATER APPLICATION REPORT

PREPARER INFORMATION			
Preparer Name:	Denise Phillips	Phone Number:	713-355-3408
E-mail Address:	denise@goldstonoil.com	Fax Number:	
FILING INFORMATION			
Reason for Filing:	New Drill	Expedite:	N
API Number:	Previous GAU No. for this Well:		
Areal Extent:	Radius	Radius:	600 DP Number: 828215
OPERATOR INFORMATION			
Operator Name:	GOLDSTON OIL CORPORATION		Operator Number: 313990
Address Line 1:	P O BOX 570365		
Address Line 2:			City: HOUSTON
State:	TX	Zip Code:	77257
WELL IDENTIFICATION INFORMATION			
County:	MATAGORDA	District:	03 Lease ID:
Lease Name:	Badouh Heirs	Well Number:	1
Alternate Well ID:			
GPS COORDINATES INFORMATION			
NAD:	27	State Plane Zone:	
Latitude Degrees:		Longitude Degrees:	
Latitude Minutes:		Longitude Minutes:	
Latitude Seconds:		Longitude Seconds:	
Decimal Degrees Latitude:	28.957186	Decimal Degrees Longitude:	-95.971944
State Plane X-Coordinate:		State Plane Y-Coordinate:	
SURVEY INFORMATION			
Survey Name:	Elisha Hall	Abstract Number:	45
Block:	Township:	Section:	
Tract:	Lot:	League:	
Labor:	Porcion:	Share:	
REFERENCE LINES INFORMATION			
Reference Line:	Survey		
First Distance:	3003	First Direction:	South
Second Distance:	6278	Second Direction:	East
ADDITIONAL INFORMATION			
Elevation:	46		
Total Vertical Depth:	10000	10,300'	
Formation at Total Vertical Depth:	Frio	depth changed - talked to Niki @ RRC in Austin Dr's Permit Section	
Remarks:			

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

ELISHA HALL A-45

FROM THE SURFACE LOCATION THE TOWN
OF BAY CITY BEARS N 06° 29' E 1.87 MILES

NO SEARCH FOR EXISTING UTILITIES WAS CONDUCTED.
GANEM & KELLY SURVEYING, INC. ASSUMES NO
RESPONSIBILITY FOR LOCATING EXISTING UTILITIES.

THIS PLAT IS NOT INTENDED TO REPRESENT
A BOUNDARY SURVEY AS DEFINED BY THE
TEXAS BOARD OF PROFESSIONAL LAND SURVEYING.

BEARINGS ARE BASED ON GPS OBSERVATION
NAD 27 TEXAS SOUTH CENTRAL ZONE.
COORDINATES AND DISTANCES SHOWN HEREON ARE GRID

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL
SURVEY MADE ON THE GROUND UNDER MY SUPERVISION
IN JUNE 2017.

GARY J. KELLY
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4791
FIRM NO. 10080301



BADOUH HEIRS NO. 1
SURFACE LOCATION
N.G. ELEV. +46.0'
X=2968221.2
Y=421158.9
LAT. +28° 57' 25.87" N
LONG. +95° 58' 18.86" W

S 64° 55' 32" E
1487.17'

GOC & ULM
5.00 ACRES

GOC & ULM
2.18 ACRES

②

GOC
38.21 ACRES

GOC & ULM
40 ACRES ①

6278'

600' RADIUS

250'

387'

600'

GOC 40 AC.
LEASE

41.93 ULM

4965'

BADOUH HEIRS NO. 1
BOTTOM HOLE
X=2969568.2
Y=420528.7
LAT. +28° 57' 19.29" N
LONG. +95° 58' 03.89" W

HIGHWAY 60

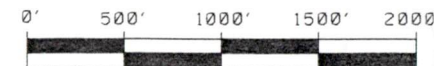
2296'

3003'

J.T. BELKNAP
A-113

I. & G.N.R.R.
A-277

PETER BERTRAND A-5



ULM- UNLEASED MINERALS

SHOWING THE BADOUH HEIRS NO. 1 SURFACE LOCATION
AND BOTTOM HOLE LOCATION SITUATED IN THE ELISAH
HALL SURVEY, ABSTRACT 45 MATAGORDA COUNTY, TEXAS.

BADOUH HEIRS NO. 1
GOLDSTON OIL CORPORATION (GOC)

MATAGORDA COUNTY, TEXAS

DRAWN BY : GKS

SCALE: 1" = 1000'

CHECKED BY: G.J.K.

DATE: 06/15/2017

APPROVED BY: G.J.K.

JOB NO. 17-157



GANEM & KELLY SURVEYING, INC.

308 E. GOODWIN AVE.
VICTORIA, TEXAS 77901
(361) 578-9956
FIRM NO. 10080301

DWG. NO.

17-157

REVISION

Packet Pg. 35

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 24 August 2017**GAU Number:** 174823

Attention: GOLDSTON OIL
P O BOX 570365
HOUSTON, TX 77257

API Number:
County: MATAGORDA
Lease Name: Badouh Heirs

Operator No.: 313990

Lease Number:
Well Number: 1
Total Vertical Depth: 10000
Latitude: 28.957186
Longitude: -95.971944
Datum: NAD27

Purpose: New Drill**Location:** Survey-Elisha Hall; Abstract-45

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Usable-quality water occurs from the land surface to a depth of 1200 feet. Moreover, the Chicot, which is estimated to occur from 300 feet to 950 feet, contains water of superior quality which must be isolated from water in overlying and underlying beds.

This recommendation is applicable to all wells within a radius of 1000 feet of this location.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

This determination is based on information provided when the application was submitted on 06/26/2017. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

EXHIBIT G – ORIGINAL EXECUTED CITY-WIDE ROAD MAINTENANCE AGREEMENT

(PENDING – SEE ATTACHED FOR GOLDSTON SIGNED SECTION)

GOLDSTON OIL CORPORATION

City Council of Bay City, TX

RE: Badouh Heirs #1 City-wide Road Maintenance Agreement

Council Members,

Goldston, the operator of the Badouh Heirs #1 well, shall repair, at our own expense, any damage to roads, streets, or highways caused by the use of heavy vehicles for any activity associated with the preparation, drilling, production, and operation of our Badouh Heirs #1 well.

Regards,



Daniel Guier
Production Manager
(713)355-3408
Goldston Oil Corporation
P.O. Box 570365
Houston, TX 77056

City Council Signature

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

EXHIBIT H – APPROVED COMMISSION PERMIT TO DRILL WITH SUCH ATTACHMENTS AND SURVEY PLAT

(SEE ATTACHED)

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 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

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

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 828215	DATE PERMIT ISSUED OR AMENDED Aug 22, 2017	DISTRICT * 03		
API NUMBER 42-321-32414	FORM W-1 RECEIVED Jun 26, 2017	COUNTY MATAGORDA		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 40		
OPERATOR GOLDSTON OIL CORPORATION P O BOX 570365 HOUSTON, TX 77257-0000		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: (713) 869-5001		
LEASE NAME BADOUH HEIRS		WELL NUMBER 1		
LOCATION 0 miles Within direction from BAY CITY		TOTAL DEPTH 10300		
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 45 SURVEY ◀ HALL, E				
DISTANCE TO SURVEY LINES 3003 ft. SOUTH 6278 ft. EAST		DISTANCE TO NEAREST LEASE LINE 250 ft.		
DISTANCE TO LEASE LINES 3003 ft. SOUTH 6278 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) ** CASE NO. 0305723				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL # NEAREST WE	DIST
** HAMMAN (-P- SAND) BADOUH HEIRS	40.00 250	9,170	1 0	03
WELLBORE PROFILE(s) FOR FIELD: Directional				
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L 387.0 F WEST L Survey Lines: 2296.0 F SOUTH L 4965.0 F EAST L				
** HAMMAN (9150) BADOUH HEIRS	40.00 250	9,161	1 0	03
WELLBORE PROFILE(s) FOR FIELD: Directional				
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L 387.0 F WEST L Survey Lines: 2296.0 F SOUTH L 4965.0 F EAST L				
** HAMMAN (8050) BADOUH HEIRS	40.00 250	8,046	1 0	03

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 828215	DATE PERMIT ISSUED OR AMENDED Aug 22, 2017	DISTRICT * 03
API NUMBER 42-321-32414	FORM W-1 RECEIVED Jun 26, 2017	COUNTY MATAGORDA
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 40
OPERATOR GOLDSTON OIL CORPORATION P O BOX 570365 HOUSTON, TX 77257-0000		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: (713) 869-5001
LEASE NAME BADOUH HEIRS		WELL NUMBER 1
LOCATION 0 miles Within direction from BAY CITY		TOTAL DEPTH 10300
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 45 SURVEY ◀ HALL, E		
DISTANCE TO SURVEY LINES 3003 ft. SOUTH 6278 ft. EAST		DISTANCE TO NEAREST LEASE LINE 250 ft.
DISTANCE TO LEASE LINES 3003 ft. SOUTH 6278 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) ** CASE NO. 0305723		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELLBORE PROFILE(s) FOR FIELD: Directional		
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L 387.0 F WEST L Survey Lines: 2296.0 F SOUTH L 4965.0 F EAST L		
** HAMMAN (9500 FRIO) BADOUH HEIRS	40.00 250	9,489 0
WELLBORE PROFILE(s) FOR FIELD: Directional		
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L 387.0 F WEST L Survey Lines: 2296.0 F SOUTH L 4965.0 F EAST L		
** HAMMAN (9,800) BADOUH HEIRS	40.00 250	9,950 0
WELLBORE PROFILE(s) FOR FIELD: Directional		

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 828215	DATE PERMIT ISSUED OR AMENDED Aug 22, 2017	DISTRICT * 03
API NUMBER 42-321-32414	FORM W-1 RECEIVED Jun 26, 2017	COUNTY MATAGORDA
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 40
OPERATOR GOLDSTON OIL CORPORATION P O BOX 570365 HOUSTON, TX 77257-0000		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: (713) 869-5001
LEASE NAME BADOUH HEIRS		WELL NUMBER 1
LOCATION 0 miles Within direction from BAY CITY		TOTAL DEPTH 10300
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 45 SURVEY ◀ HALL, E		
DISTANCE TO SURVEY LINES 3003 ft. SOUTH 6278 ft. EAST		DISTANCE TO NEAREST LEASE LINE 250 ft.
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FIELD NAME LEASE NAME RESTRICTIONS:	ACRES NEAREST LEASE	DEPTH NEAREST WE
Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L 387.0 F WEST L Survey Lines: 2296.0 F SOUTH L 4965.0 F EAST L		
** HAMMAN (8900) BADOUH HEIRS	40.00 250	8,886 0
WELLBORE PROFILE(s) FOR FIELD: Directional		
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L 387.0 F WEST L Survey Lines: 2296.0 F SOUTH L 4965.0 F EAST L		
** HAMMAN (9420) BADOUH HEIRS	40.00 250	9,428 0
WELLBORE PROFILE(s) FOR FIELD: Directional		
RESTRICTIONS: Bottom Hole: BH1 Lease Lines: 250.0 F NORTH L		

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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API NUMBER 42-321-32414	FORM W-1 RECEIVED Jun 26, 2017	COUNTY MATAGORDA
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 40
OPERATOR GOLDSTON OIL CORPORATION P O BOX 570365 HOUSTON, TX 77257-0000		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: (713) 869-5001
LEASE NAME BADOUH HEIRS		WELL NUMBER 1
LOCATION 0 miles Within direction from BAY CITY		TOTAL DEPTH 10300
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 45 SURVEY ◀ HALL, E		
DISTANCE TO SURVEY LINES 3003 ft. SOUTH 6278 ft. EAST		DISTANCE TO NEAREST LEASE LINE 250 ft.
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FIELD NAME	ACRES	DEPTH
LEASE NAME	NEAREST LEASE	WELL #
		NEAREST WE
387.0 F WEST L		
Survey Lines:	2296.0 F SOUTH L	
	4965.0 F EAST L	

** WILDCAT	40.00	10,000
BADOUH HEIRS	250	1
		0

WELLBORE PROFILE(s) FOR FIELD: Directional		

RESTRICTIONS:	Bottom Hole: BH1	
	Lease Lines:	250.0 F NORTH L
		387.0 F WEST L
	Survey Lines:	2296.0 F SOUTH L
		4965.0 F EAST L

** HAMMAN	40.00	9,730
BADOUH HEIRS	250	1
		0

WELLBORE PROFILE(s) FOR FIELD: Directional		

RESTRICTIONS:	Bottom Hole: BH1	
	Lease Lines:	250.0 F NORTH L
		387.0 F WEST L
	Survey Lines:	2296.0 F SOUTH L
		4965.0 F EAST L

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

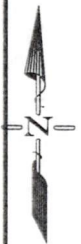
PERMIT NUMBER 828215	DATE PERMIT ISSUED OR AMENDED Aug 22, 2017	DISTRICT * 03
API NUMBER 42-321-32414	FORM W-1 RECEIVED Jun 26, 2017	COUNTY MATAGORDA
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Directional	ACRES 40
OPERATOR GOLDSTON OIL CORPORATION P O BOX 570365 HOUSTON, TX 77257-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (713) 869-5001
LEASE NAME BADOUH HEIRS		WELL NUMBER 1
LOCATION 0 miles Within direction from BAY CITY		TOTAL DEPTH 10300
Section, Block and/or Survey SECTION ◀ BLOCK ◀ ABSTRACT ◀ 45 SURVEY ◀ HALL, E		
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FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) ** CASE NO. 0305723		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELL # NEAREST WE		
DIST		
' ** ' PRECEDING FIELD NAME INDICATES RULE (R37)		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS 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. 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.		

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

MATAGORDA (321) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
CAPROCK	2,100	2,100	disposal	1	12/17/2013
GRANT	1,750	1,750	disposal	2	12/17/2013
WILLIS	1,850	1,850	disposal	3	12/17/2013
MIOCENE	1,530	6,430	disposal	4	12/17/2013
FRIO	1,510	5,900	disposal	5	12/17/2013
FRIO, LOWER	7,000	8,120		6	12/17/2013
GRETТА	5,200	5,350	disposal	7	12/17/2013
ANAHUAC	5,640	7,160		8	12/17/2013
NODOSARIA	8,960	8,960		9	12/17/2013
TEX MISS	9,940	9,940		10	12/17/2013
TEX MISS 3 SAND	10,420	10,420		11	12/17/2013
VICKSBURG	12,450	12,450		12	12/17/2013
JACKSON	14,330	14,330		13	12/17/2013
SPARTA	15,770	15,770		14	12/17/2013
WILCOX	16,610	23,000		15	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.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



ELISHA HALL A-45

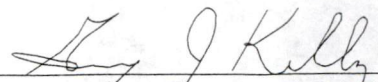
FROM THE SURFACE LOCATION THE TOWN
OF BAY CITY BEARS N 06° 29' E 1.87 MILES

NO SEARCH FOR EXISTING UTILITIES WAS CONDUCTED.
GANEM & KELLY SURVEYING, INC. ASSUMES NO
RESPONSIBILITY FOR LOCATING EXISTING UTILITIES.

THIS PLAT IS NOT INTENDED TO REPRESENT
A BOUNDARY SURVEY AS DEFINED BY THE
TEXAS BOARD OF PROFESSIONAL LAND SURVEYING.

BEARINGS ARE BASED ON GPS OBSERVATION
NAD 27 TEXAS SOUTH CENTRAL ZONE.
COORDINATES AND DISTANCES SHOWN HEREON ARE GRID

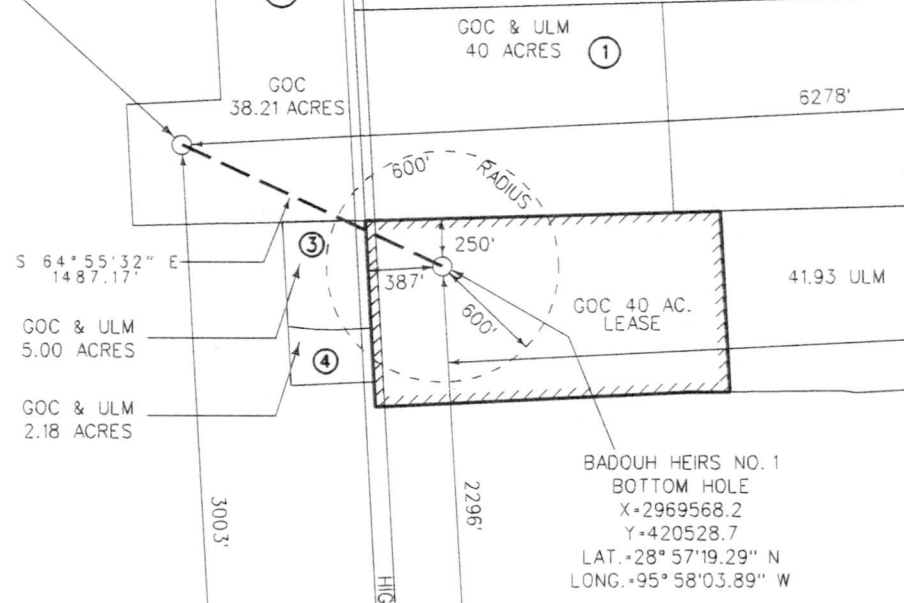
THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL
SURVEY MADE ON THE GROUND UNDER MY SUPERVISION
IN JUNE 2017.


GARY J. KELLY
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4791
FIRM NO. 10080301

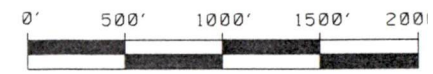


PETER BERTRAND A-5

BADOUH HEIRS NO. 1
SURFACE LOCATION
N.G. ELEV. = 46.0'
X = 2968221.2
Y = 421158.9
LAT. = 28° 57' 25.87" N
LONG. = 95° 58' 18.86" W



BADOUH HEIRS NO. 1
BOTTOM HOLE
X = 2969568.2
Y = 420528.7
LAT. = 28° 57' 19.29" N
LONG. = 95° 58' 03.89" W



J.T. BELKNAP
A-113
I. & G.N.R.R.
A-277

SHOWING THE BADOUH HEIRS NO. 1 SURFACE LOCATION AND BOTTOM HOLE LOCATION SITUATED IN THE ELISAH HALL SURVEY, ABSTRACT 45 MATAGORDA COUNTY, TEXAS.		BADOUH HEIRS NO. 1 GOLDSTON OIL CORPORATION (GOC) MATAGORDA COUNTY, TEXAS		
DRAWN BY : GKS	SCALE: 1" = 1000'		GANEM & KELLY SURVEYING, INC. 308 E. GOODWIN AVE. VICTORIA, TEXAS 77901 (361) 578-9956 FIRM NO. 10080301	
CHECKED BY: G.J.K.	DATE: 06/15/2017			DWG. NO. 17-157
APPROVED BY: G.J.K.	JOB NO. 17-157			REV. Packet Pg. 48

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

EXHIBIT I – A TRUE COPY OF THE TCEQ LETTER

(SEE ATTACHED)

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 24 August 2017**GAU Number:** 174823

Attention: GOLDSTON OIL
P O BOX 570365
HOUSTON, TX 77257

Operator No.: 313990

API Number:
County: MATAGORDA
Lease Name: Badouh Heirs
Lease Number:
Well Number: 1
Total Vertical Depth: 10000
Latitude: 28.957186
Longitude: -95.971944
Datum: NAD27

Purpose: New Drill**Location:** Survey-Elisha Hall; Abstract-45

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

Usable-quality water occurs from the land surface to a depth of 1200 feet. Moreover, the Chicot, which is estimated to occur from 300 feet to 950 feet, contains water of superior quality which must be isolated from water in overlying and underlying beds.

This recommendation is applicable to all wells within a radius of 1000 feet of this location.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

This determination is based on information provided when the application was submitted on 06/26/2017. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

EXHIBIT J – PROOF OF INSURANCE

(SEE ATTACHED)

Note: Goldston Oil Corp. will furnish additional cert showing coverage within 10 days of application



CERTIFICATE OF LIABILITY INSURANCE

Page 3.1.a
DATE 08/25/2017

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 POLICY 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 have ADDITIONAL INSURED provisions or 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 Willis of Texas, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: PHONE (A/C, No, Ext): 1-877-945-7378 E-MAIL ADDRESS: certificates@willis.com FAX (A/C, No): 1-888-467-2371														
INSURED Goldston Oil Corporation Attn: Gloria LaPoint P.O. Box 570365 Houston, TX 77257	<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Federal Insurance Company</td><td>20281</td></tr><tr><td>INSURER B: Texas Mutual Insurance Company</td><td>22945</td></tr><tr><td>INSURER C: Vigilant Insurance Company</td><td>20397</td></tr><tr><td>INSURER D: Travelers Property Casualty Company of America</td><td>25674</td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Federal Insurance Company	20281	INSURER B: Texas Mutual Insurance Company	22945	INSURER C: Vigilant Insurance Company	20397	INSURER D: Travelers Property Casualty Company of America	25674	INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: Federal Insurance Company	20281														
INSURER B: Texas Mutual Insurance Company	22945														
INSURER C: Vigilant Insurance Company	20397														
INSURER D: Travelers Property Casualty Company of America	25674														
INSURER E:															
INSURER F:															

COVERAGES

CERTIFICATE NUMBER: W3333830

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	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC ☐ OTHER	Y	Y	73139261	01/01/2017	01/01/2018	EACH OCCURRENCE \$ 1,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000 MED EXP (Any one person) \$ 10 PERSONAL & ADV INJURY \$ 1,000 GENERAL AGGREGATE \$ 2,000 PRODUCTS - COMP/OP AGG \$ 1,000
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY	Y	Y	77576221	01/01/2017	01/01/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 10,000	Y	Y	79755532	01/01/2017	01/01/2018	EACH OCCURRENCE \$ 10,000 AGGREGATE \$ 10,000
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 Yes	N/A	Y	TSF0001195794	10/01/2016	10/01/2017 ☒ PER STATUTE E.L. EACH ACCIDENT \$ 1,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000 E.L. DISEASE - POLICY LIMIT \$ 1,000
C	Pollution Liability Deductible			37334299	01/01/2017	01/01/2018	1,000,000 each incident 2,000,000 aggregate 100,000 each claim

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

This Voids and Replaces Previously Issued Certificate Dated 08/23/2017 WITH ID: W3326968.

Badouh Heirs #1 10,300, MD / 10,100' TVD. Directional Day Turnkey AFE \$1mil Cost to complete. \$700k Maximum mud weight. 11ppg Approx 230' east.

SEE ATTACHED

CERTIFICATE HOLDER

City of Bay City
Building and Development Department
207 South Third Street, Suite 100
City of Bay City, TX 77414

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

Michael D. Heister

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ADDITIONAL REMARKS SCHEDULE

Page 2 of

AGENCY Willis of Texas, Inc.		NAMED INSURED Goldston Oil Corporation Attn: Gloria LaPoint P.O. Box 570365 Houston, TX 77257	
POLICY NUMBER See Page 1			
CARRIER See Page 1	NAIC CODE See Page 1	EFFECTIVE DATE: See Page 1	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

General Liability includes coverage for contractual liability, underground resources damage, broad form property damage and personal injury.

Umbrella is follow form over General Liability, Business Auto, Employers Liability and Environmental.

Certificate Holder is included as an Additional Insured as respects to General Liability and Auto Liability as required by contract.

Waiver of Subrogation applies in favor of Certificate Holder with respects to General Liability, Auto Liability and Workers Compensation as permitted by law as required by contract.

INSURER AFFORDING COVERAGE: Travelers Property Casualty Company of America

NAIC#: 25674

POLICY NUMBER: 41M70336 EFF DATE: 12/31/2016 EXP DATE: 12/31/2017

TYPE OF INSURANCE:

Control of Well

LIMIT DESCRIPTION:

See Below

LIMIT AMOUNT:

ADDITIONAL REMARKS:

Occ/Drilli- 15,000,000

Occ/Produci- 8,000,000

Care, Custody & Control- 1,000,000

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

COMMERCIAL AUTOMOBILE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NOTICE OF CANCELLATION
(OTHER THAN NONPAYMENT OF PREMIUM)
SCHEDULED PERSON(S) OR ORGANIZATION(S)**

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to the coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

SCHEDULE

Name of Person(s) or Organization(s):

CITY OF BAY CITY
BUILDING AND DEVELOPMENT DEPARTMENT

Address:

207 SOUTH THIRD STREET, SUITE 100
BAY CITY, TEXAS 77414

Under Common Policy Conditions the following condition is added:

**NOTICE OF CANCELLATION (OTHER THAN NONPAYMENT OF PREMIUM)
SCHEDULED PERSON(S) OR ORGANIZATION(S)**

When we cancel this policy for any reason other than nonpayment of premium, we will notify the person(s) or organization(s) described in the SCHEDULE at least 30 days in advance of the cancellation date.

Any failure by us to notify such person(s) or organization(s) will not:

- Impose any liability or obligation of any kind upon us; or
- Invalidate such cancellation.

CHUBB®

Policy Conditions**Endorsement**

Policy Period JANUARY 1, 2017 TO JANUARY 1, 2018
Effective Date AUGUST 23, 2017
Policy Number 7313-92-61 DAL
Insured GOLDSTON OIL CORPORATION

Name of Company FEDERAL INSURANCE COMPANY
Date Issued AUGUST 25, 2017

This Endorsement applies to the following forms:

COMMON POLICY CONDITIONS

Conditions

Under Conditions, the following condition is added.

**Notice Of Cancellation
To Scheduled Persons
Or Organizations When
We Cancel**

When we cancel this policy for any reason, other than non-payment of premium, we will notify person(s) or organization(s) shown in the Schedule at least 30 days in advance of the cancellation date.

ANY FAILURE BY US TO NOTIFY SUCH PERSON(S) OR ORGANIZATION(S) WILL NOT:

- IMPOSE ANY LIABILITY OR OBLIGATION OF ANY KIND UPON US; OR
- INVALIDATE SUCH CANCELLATION.

Schedule

Person(s) or Organization(s): THRIVENT FINANCIAL FOR LUTHERANS
 ATTN: ASSET ADMIN-LOAN #79360

 Address: C/O STATES & LITTLE MORTGAGE CO.
 800 GESSNER. #1270
 HOUSTON, TX 77024

 Person(s) or Organization(s): CITY OF BAY CITY
 BUILDING AND DEVELOPMENT DEPARTMENT

 Address: 207 SOUTH THIRD STREET, SUITE 100
 BAY CITY, TEXAS 77414

Conditions
(continued)

All other terms and conditions remain unchanged.

Authorized Representative



Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

EXHIBIT K – COPY OF STORMWATER POLLUTION PREVENTION PLAN

(SEE ATTACHED)

VARIANCE REQUESTED

STORMWATER POLLUTION PREVENTION PLAN

Goldston Oil Corp. September 17, 2017

SITE DESCRIPTION:

PROJECT LIMITS: (List project location)

The surface location of Goldston's proposed oil and gas well (Badouh Heirs No. 1 Well) is to be located approximately 900' West of Highway 60, and approximately 1600' South Thompson Road, just South of Bay City proper. The XY coordinates for the surface location are X = 2,968,221.2 Y = 421,158.9. The property where the surface location is situated is a part of a 3 acre surface parcel leased by Goldston and is pastureland covered with native grasses along with several trees.

PROJECT DESCRIPTION: (Provide description of work prospect)

The proposed well has multiple targets, both oil and gas objectives, with the primary target being a deep Nodesaria Sand prospect. There are multiple secondary targets that are located at shallower and deeper depths. The well is scheduled to be a straight hole, approximately 10" in diameter, drilled down to approximately 1,700' and from there the wellbore path will become directional and turn in a South-Easterly direction where it will begin to encounter the shallower target and continuing down to 10,100' total vertical depth (10,300 total measured depth) beneath the surface of the earth. The proposed bottom hole location is projected to be within the city limits, somewhere around 10,300' total measured depth beneath the surface of the earth.

MAJOR SOIL DISTURBING ACTIVITIES: (List soil disturbing activities)

Within the Project Area

- 1) An approximate 150' x 15' access road is being built to access the drill site
- 2) An approximate 300' x 180' x drill site;
- 3) Outside the drill site an earthen Reserve Pit 300' X 70' with a 5' earthen wall surrounding it;
- 4) Outside the drill site and adjacent to the water pit a Water Well will be drilled to approximately 400'.
- 5) There will be an earthen ring levee surrounding the entire project area except for the access road.
- 6) During Production Stage the site and road is reduced in area to approximately 1 to 1.5 acres.

(For schematics and details on Items 1 through 7 see Exhibits B and C in Application)

TOTAL PROJECT AREA: (List project area in acres)

Goldston's surface drill site (and pit) will be approximately 300' X 250' (1.72 acres) and its access road will be approximately 150' in length and 15' in width (0.052 acres). The total project area is 1.772 acres.

TOTAL AREA TO BE DISTURBED: (List area to be disturbed in acres)

The total surface area to be disturbed is 1.772 acres.

EROSION AND SEDIMENT CONTROLS:

Any padsite or roads Goldston constructs, as well as pipelines we lay, must be installed such at erosion is avoided. All excavations and pits are to be leveled and after completion of any operations. Goldston must restore the surface to as near its original condition as is practicable (including, but not limited to, reseeding any area disturbed by our operations with grass seed native to the area).

A ring levee approximately at least 12" in height will be constructed surrounding the padsite with adequate and maintained drainage. Culverts will be utilized on our access road where needed to assure no blockage of drain ways.

NARRATIVE - SEQUENCE OF CONTRUCTION (STORM WATER MANAGEMENT) ACTIVITIES:

(Provide narrative of construction sequencing)

During the "Site Preparation Stage" materials are transported to the site and placed to form the padsite, access road, and any berms and levees to hold fluids. The equipment consists of loaders, haulers, maintainers and similar equipment for building an approximate 150' limestone access road and approximate 350' X 200' limestone padsite. This process takes approximately 2 weeks.

During the "Rig-Up Stage" the drilling rig and support facilities are moved onto the site and assembled. This process involves five (5) permitted load vehicles and approximately fifteen (15) non-permitted load vehicles and can include large cranes that lift the components into place. This process usually takes 3 to 4 days.

During the "Drilling Stage" components such as drill pipe and drilling fluids are delivered to the site, maintenance vehicles and passenger vehicles will visit the site on a regular basis. At the end of the drilling stage logging trucks come into log to determine if the well is productive. If the well is deemed a commercial well, casing and cement trucks come in to case the wellbore. This process should not take more than 21 days.

During the "Rig-Down Stage" the drilling rig and support facilities are disassembled and moved off the site in the same manner as he parts were brought in. This process usually takes 3 to 4 days.

During the "Completion Stage" a smaller workover rig moves in to run tubing that has been delivered and the well is completed so that production can commence. This process usually takes 7 days.

During the "Production Stage" oil product is removed from the site by tanker trucks and gas production is via pipeline. The traffic generated is dependent upon the actual production amount. If there is gas production a pipeline has to be constructed and the amount of time to do so depends on the location of the nearest transport

line. In this case the nearest tie-in is located to the North approximately 1700' from the well location.

During the "Workover Stage" the well gets reworked to increase production. This generally requires a smaller rework rig (same size as the completion rig) to be brought in on the location. Depending on the well this stage may not be required at all, however, historically almost all wells will experience some decrease in production giving rise for the need to rework. Reworks can take anywhere from a couple of days to 2 weeks and can be a reoccurring event for certain wells over its life.

During the "Plugging and Abandonment Stage" the well gets plugged in accordance with the Texas Railroad Commission's regulations, and all production facilities are removed from the location. Surface restoration guidelines of the premises (reseeding, planting trees, padsite and road removal, etc.) are generally directed by the surface owner. This process can take anywhere from 10 to 20 days.

STORM WATER MANAGEMENT:

(State manner in which storm water runoff will be adequately conveyed during construction)

Storm water will be channeled off the padsite to the two small drainage ditches that are located east and west of the padsite. These ditches shall remain cleaned and opened at times and will be inspected regularly for debris and blockage.

OTHER EROSION AND SEDIMENT CONTROLS:

MAINTENANCE: All erosion and sediment controls will be maintained in good working order. If a repair is necessary it will be done at the earliest date possible, but no later than 7 calendar days after the surrounding exposed ground has dried sufficiently to prevent further damage from heavy equipment. The area adjacent to creeks and drainage ways shall have priority followed by devices protecting storm sewer inlets.

INSPECTION: All inspections will be performed by a Goldston's location consultant on a periodic basis with particular emphasis during the drilling, completion and workover stages. Any deficiencies are addressed immediately in accordance with the governing oil and gas lease's stringent erosion and surface use provisions, and per the Texas Railroad Commission's guidelines.

WASTE MATERIALS: The dumpster used to store all waste materials will meet all state and local city solid waste management regulations. All trash and construction debris will be deposited in the dumpster. The dumpster will be emptied as necessary or as required by local regulation and the trash will be hauled to a local dump.

HAZARDOUS WASTE: All spills will be reported to and handled in accordance with the Texas Railroad Commission's regulations and guidelines. Goldston will have a contract with an emergency response company for any clean up that is necessary. In the event of a spill which may be considered hazardous, one of Goldston's field representatives will be contacted initially to be on location.

SANITARY WASTE: Commencing with the Site Preparation Stage and running through and including the Completion Stage, portable facilities for handling sanitary matters will be on the premises and checked on a regular schedule.

Other:

A 15 mile per hour maximum speed limit while on location will be observed by all vehicles so as to minimize dust and noise.

REMARKS: Disposal areas, stockpiles, and haul roads shall be constructed in a manner that will minimize and control the sediment that may enter receiving waterways. Disposal areas shall not be located in any waterway, water body or streambed. Construction staging areas and vehicle maintenance areas shall be constructed by the contractor in a manner which minimizes the runoff of all pollutants. All waterways shall be cleared as soon as practical of temporary embankments, temporary bridges, matting, falsework, piling, debris, and other obstructions placed during construction operations that are not a part of the finished work.

SIGNED THIS 17th DAY OF September, 2017

Goldston Oil Corporation

BY: _____

EXHIBIT L – BOND OR LETTER OF CREDIT

(SEE ATTACHED)

EXHIBIT M – LIST BY SECTION NUMBER OF VARIANCES

(SEE ATTACHED)

EXHIBIT M – LIST OF VARIANCES

Section	Comments
62-7 (c9)	Variance requested due to where the wellbore is located, providing a location and description of all improvements and structures within 600' off the well would be a very confusing sketch. Goldston will show the closest structures that are in each residential area around the wellbore on a sketch, and will list all others.
62-7 (c11)	Variance requested. Goldston would like to be able to amend the site plan based on the drilling rig contractor selected, as well as what the production potential looks like. We won't know production potential until the well is evaluated after drilling.
62-7 (c19)	Variance requested for not wanting to have a stormwater pollution plan due to the drill site being outside of a flood plain and floodway. Also, a prior city permit states that this report is an EPA originated plan designed for construction sites, and is not applicable for our situation.
62-8 (a5)	Variance requested on the detailed site plan requiring vegetation, topographic features, landscaping, fencing, etc. As stated in the above variance for Section 62-7 (c9), the plan would be virtually unreadable if all features were identified. Goldston is providing a sketch in Exhibit B that shows a satellite image of all features around our site.
62-8 (a5)	Variance requested on the detailed landscape site plan. Goldston is going to submit a satellite view in Exhibit B, and are only planning on removing approximately 3 trees. After we remediate our drillsite and pit, we plan on re-sodding the area we disturbed. However, planting trees that close to location could be a safety issue due to the potential of trees falling on our equipment.
62-8 (a5)	Variance requested on filing the plat with the county. The plat will be available on the city and state permit.
62-8 (14)	Variance requested on closed loop mud system. A lined earthen pit is planned to be used for this well. The entire location, along with the pit, will be fenced in as the requirements of 62-18.
62-13 (b1g)	Partial variance requested on percentage amount paid to city. Goldston would like to set default payment to 100% instead of 125%.
62-14 (a6)	Variance requested on formation evaluation timing. Goldston would like to do open hole formation evaluation any time of the day. Open hole evaluation usually is done inside the wellbore, so added noise at night compared to other activities.
62-14 (a12)	Variance requested on permit from Fire Department. Variance requested when using perforating guns. All charges set off will be set off well below surface level.

- 62-14 (a 14) Variance requested on firefighting equipment. All contractors/service companies that have combustible equipment will have fire extinguishers on site, provided by their company.
- 62-14 (a 14) Variance requested for automated shut off valve. Well will have shut off valve, but it will not be automated.
- 62-14 (a19) Variance requested for venting. Goldston would like to be able to vent gas during TRRC testing periods.
- 62-14 (a20) Partial variance requested. Please take out dehydrating from that section, as Goldston may require a dehydrator to be on site to sell gas.
- 62-14 (a22) Variance requested on Hazardous plan. Location is in a field away. Goldston will have MSDS for all hazardous material available per request, but would not like to not submit until requested.
- 62-14 (a25b) Variance requested on closed loops system. A lined earthen pit is planned to be used for this well. The entire location, along with the pit, will be fenced in as the requirements of 62-18.
- 62-14 (a25g) Variance requested on fencing the pit. Goldston will fence the entire location, pit included.
- 62-14 (a29a) Variance requested on telephone contacts for sign. Goldston contracts an answering service to call personnel in the event of an emergency. This answering service calls numerous people, using an undated list.
- 62-14 (a31) Variance requested on tank level control device. Goldston would like to not like to be required to install a level control device.
- 62-14 (a36) Variance requested on watchman. Goldston would like to decide if a watchman is required, depending on the equipment/status of the well during any re-working.
- 62-15 (a) Variance requested on noise requirement. A 5 dB (daytime) and 3 dB (nighttime) increase over ambient is not possible. Goldston will do everything reasonable to lower noise levels, and have approached nearby owners on compensating them for the time the drilling rig will be on site.
- 62-15 (e) Variance requested on continual monitoring. This is would be very costly, and like stated above, Goldston will do everything within reason to keep noise levels down.
- 62-15 (i) Variance requested for audible backup alarms. Goldston would like to allow backup alarms to be used at all times, due to the safety risk of not using such alarms.

62-19

Variance requested for landscaping. Goldston is planning on only taking out approximately 3 trees, and will re-sod any area of disturbance when we are done.

EXHIBIT N – FAA NOTICE OF INTENT TO DRILL

(SEE ATTACHED)



Notice Criteria Tool

Notice Criteria Tool - Desk Reference Guide V_2014.2.0

The requirements for filing with the Federal Aviation Administration for proposed structures vary based on a number of factors: height, proximity to an airport, location, and frequencies emitted from the structure, etc. For more details, please reference CFR Title 14 Part 77.9.

You must file with the FAA at least 45 days prior to construction if:

- your structure will exceed 200ft above ground level
- your structure will be in proximity to an airport and will exceed the slope ratio
- your structure involves construction of a traverseway (i.e. highway, railroad, waterway etc....) and once adjusted upward with the appropriate vertical distance would exceed a standard of 77.9(a) or (b)
- your structure will emit frequencies, and does not meet the conditions of the FAA Co-location Policy
- your structure will be in an instrument approach area and might exceed part 77 Subpart C
- your proposed structure will be in proximity to a navigation facility and may impact the assurance of navigation signal reception
- your structure will be on an airport or heliport
- filing has been requested by the FAA

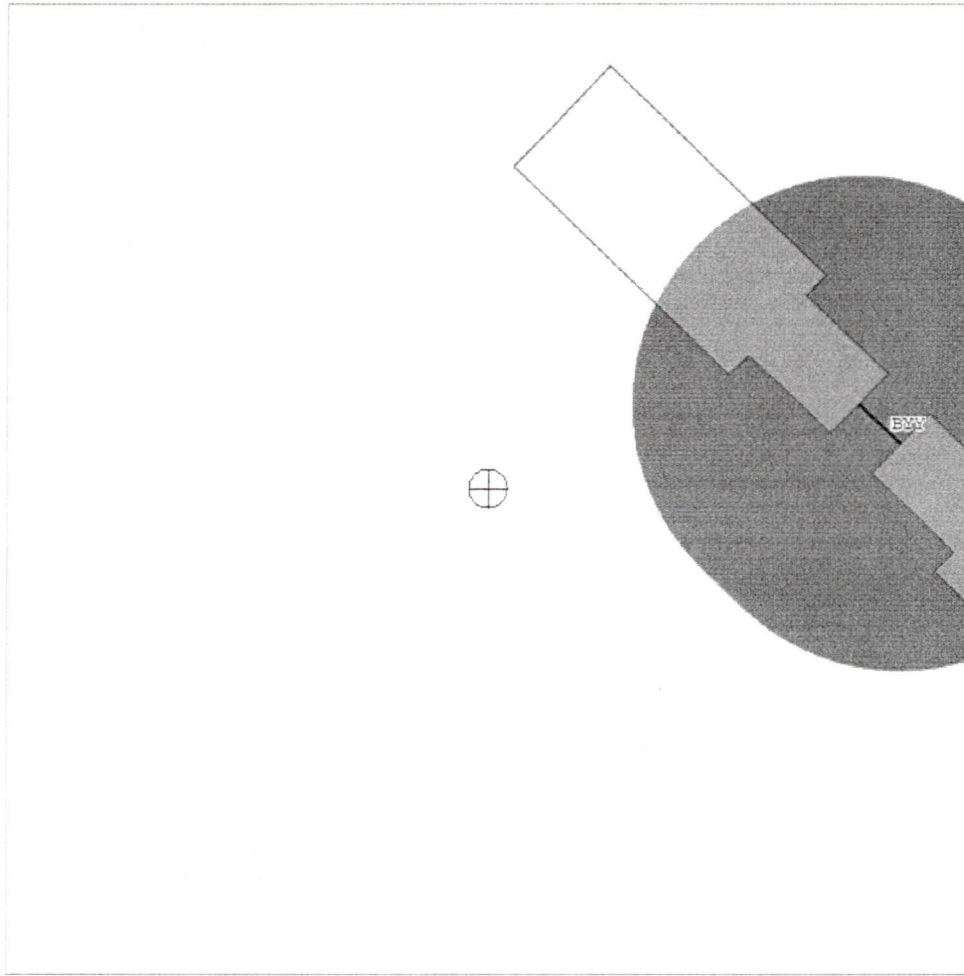
If you require additional information regarding the filing requirements for your structure, please identify and contact the appropriate FAA representative using the Air Traffic Areas of Responsibility map for Off Airport construction, or contact the FAA Airports Region / District Office for On Airport construction.

The tool below will assist in applying Part 77 Notice Criteria.

Latitude:	28 Deg 57 M 25.87 S N ▼
Longitude:	95 Deg 58 M 18.86 S W ▼
Horizontal Datum:	NAD83 ▼
Site Elevation (SE):	46 (nearest foot)
Structure Height :	160 (nearest foot)
Traverseway:	No Traverseway ▼ (Additional height is added to certain structures under 77.9(c)) User can increase the default height adjustment for Traverseway, Private Roadway and Waterway
Is structure on airport:	☒ No ☐ Yes

Results

You do not exceed Notice Criteria.



Note on FAA Notice:

8/4/17

I, Daniel Guier, called Andrew Hollie (FAA Traffic Contact for Central Texas). Andrew stated that the Notice Criteria Tool (this printout) from FAA website (oeaaa.faa.gov) is the correct website in order to check if an aeronautical study is necessary. Since this tool states that (from out lat/long of SHL), we do not exceed notice criteria, that Goldston does not need an aeronautical study.

- Daniel Guier

EXHIBIT O – OPERATORS STATEMENT

(SEE ATTACHED)

APPLICANTS WARRANTIES AND AGREEMENTS

- 1) Applicant warrants that all things stated or represented as factual in this application and any Exhibits attached hereto are true and correct, and that all material representations of Applicant made in connection therewith are and will be true and correct; at the penalty of any permit granted herein being null and void.
- 2) Applicant understands that any permit granted pursuant to this application is and will be subject to all valid ordinances, rules, and regulations of the City of Bay City governing the subject matter, as well as all other valid and applicable laws, rules, and regulations of other governmental bodies having jurisdiction. Applicant is familiar with these, or has notice of same, and agrees to comply therewith.
- 3) Applicant will submit to the City Council, or its duly authorized agent, any and all other information or data respecting this application required to be furnished; and Applicant will appear before any such body or person for conference, public or private hearing, and give testimony reasonably required hereunder.
- 4) Applicant agrees during normal working hours to admit to the location covered by this application for the purpose of any inspection of said location and facilities situated thereon conducted by the Mayor or his duly authorized agent; provided that no extra duty or care is thereby imposed on Applicant

SUBMITTED this 17th day of September, 2017 in duplicate originals with nine copies of used of the Council, Mayor, City Attorney and local new media.

APPLICANT(S):

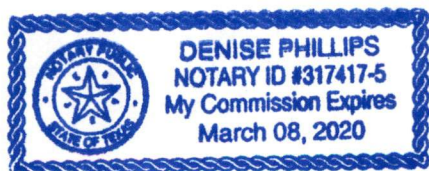
GOLDSTON OIL CORPORATION

By: 
Daniel Guier – Production Manager

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on the 17th day of September 2017 by Daniel Guier, Production Manager of Goldston Oil Corporation.




NOTARY PUBLIC, STATE OF TEXAS

Attachment: Badouh Heirs #1 Drilling Application (2948 : Drilling Permit - Goldson Oil Corporation)

EMERGENCY RESPONSE PLAN

Goldston Oil Corporation

Badouh Heirs No. 1

(located approximately 900' West of Highway 60, and approximately 1600' South Thompson Road)

August 23, 2017

PURPOSE:

The goals of this emergency response plan are to protect the lives and health of not only Goldston Oil's employees, contractors, and subcontractors, but also the general public's lives and health, and to protect and minimize damage to property in the event of an emergency.

EMERGENCY OPERATIONS COORDINATOR:

Primary Contact:

Daniel Guier

(713) 355-3408 – Work

(713) 560-1452 – Cell

daniel@goldstonoil.com

Secondary Contact:

Edgar Graham

(903) 790-7660 – Cell

edgar@goldstonoil.com

EMERGENCY CONTACT NUMBERS:

Fire Station: (979) 245-8313

Ambulance: (979) 323-7911 or (979) 244-0911

Police: (979) 245-8500

Sheriff: (979) 245-5526

Hospital: (979) 245-6383

Dir Public Works: Barry Calhoun (979) 245-2322 Ext. 1637 Work / (979) 453-1900 Mobile

Matagorda Development Farming, LTD (Landowner) – (979)245-2841

Matagorda County Drainage District No. 1 – Wade Schulz (979) 240-6112

POTENTIAL EMERGENCIES:

The following potential emergencies have been identified in a hazard assessment:

1. Well Blowout
2. Spill(s)
3. Fire
4. Hurricane/flooding
5. Work related injuries

COMMUNICATIONS:

In the event of an emergency, or a situation which could become an emergency, we will communicate with employees, contractors, and subcontractors in the following way:

1. Via phone, and/or
2. Via messaging, and/or
3. Via email

EMERGENCY RESPONSE PROCEDURES:

1. Management Notification: If an emergency, or situation that could become an emergency, occurs immediately inform management by contacting the Primary Contact and/or Secondary Contact shown above. Both of these parties will maintain an up to date emergency notification contact list.
2. Employee/Contractor/Subcontractor Notification: Direct supervisory contact would be used to notify employees and/or contractors/subcontractors
3. Emergency Response Notification: The Immediate determination of what type of emergency is taking place will determine which external Emergency Contact Numbers (above) to call.

LOCATION OF EMERGENCY EQUIPMENT:

During construction/drilling/reworking/completion operations:

Goldston Oil's contractors are to maintain specific OSHA and/or industry standardized emergency equipment on all locations

During normal production operations:

Goldston Oil's field pumper and contractors are to maintain first aid kits in the vehicles in the event of an emergency.

FIRST AID AND FIREFIGHTING:

During the drillsite contraction, drilling, reworking, completion, and pipeline installation stages a first aid kit is always available on location by one of the employees, contractors, or subcontractors working on the premises. During normal operation periods, when there are no personnel on the premises, a small first aid kit and fire extinguisher are maintained on location in one of the panels within the production facility site.

No employee, contractor or subcontractor shall (i) fight a fire that is beyond the incident stage (able to be put out a fire extinguisher), (ii) enter a building or area that is on fire to conduct search and rescue, or (iii) provide advanced medical care and treatment. These situations must be left to the emergency services professionals who have the necessary training, equipment and experience (see Emergency Contact Numbers).

PROCEDURES FOR EVACUATION AND RESCUE:

1. After it is determined evacuation is necessary, either the Primary Contact or the Secondary Contact initiates, or causes to be initiated, calls, e-mails and/or text messaging to all parties then located on the premises and/or scheduled to be on premises.
2. If management is not on location at the time evacuation is required, the Primary Contact or the Secondary Contact then appoints a Lead Party from among the persons on location to be the responsible party for making sure all personnel are safely off the premises. Generally the Lead Party would be one of Goldston's field representatives.
3. The Lead Party is to assist any person(s) with disabilities and is to then escort all personnel to a designated assembly area away from the area to be evacuated.

4. After all persons are safely evacuated from the premises and are accounted for, the Lead Party then contacts either the Primary Contact or the Secondary Contact to let them know all are accounted for and if there were any incidents during the evacuation.
5. If there is a necessity for rescue, and depending on the situation, the Primary Contact, the Secondary Contact, or the Lead Party shall make the determination immediately as to which Emergency Contact Number is needed to be called for rescue.

Edde Drilling Co., LLC
EMERGENCY ACTION PLAN

Edde Drilling Co, LLC
2607 E. Rio Grande Street

Victoria, TX 77901

Emergency Action Plan

Edde Drilling Co. LLC, has devised an Emergency Action Plan which is required and designed to protect employees from injury or death in case of emergency situations such as a fire or other emergency. Instructions have been written for each scenario for employees to follow. This plan shall be in writing and kept in the Right-to-Know area for employees to view. The plan includes procedures to be followed in case of all types of emergencies including fire, potential flooding, or approaching hurricane or tornado, hazardous chemical leak, or other emergency situation. For more information about the plan or an explanation of their duties under the plan contact Raymond Bubak, Operations Manager.

Emergency contact phone numbers must be listed and posted in the rig and tool pusher's office in a highly visible location. Local phone numbers for the sheriff's department, DPS, EMS, hospital and police department must be included at each site. In case of emergency, contact Raymond Bubak (979-732-1013) or Randy Brown (361-649-1376) as quickly as possible.

FIRE & HAZARDOUS CHEMICAL LEAK - Inside Buildings or Plants

Whoever notices a fire or hazardous chemical release in the field or inside a building should sound the emergency alarm, dial 911, order an evacuation - and notify Raymond Bubak and Randy Brown as soon as possible.

Procedures for Reporting a Fire or Other Emergency

1. Once a fire or other emergency is observed the observing person shall report the Emergency to the receptionist who will then dial 911 and report the incident to the local emergency response system. If an alarm system is in place, it is distinctive and recognizable as a signal to evacuate the work area or perform actions designated under the emergency action plan. In some cases, direct voice communication is an acceptable procedure for alerting employees.
2. Designated company first responders shall notify employees throughout the facility. The receptionist will notify shop employees with the intercom system. If contact cannot be made a supervisor shall go to the shop and inform them through direct voice communication. For emergencies in the field, a horn or other type of alarm system shall be used.

Procedures for Emergency Evacuation.

1. All employees should exit the building or field location in a brisk but calm, orderly fashion, and congregate with our employees in established muster locations. Route Assignments, drawings of approved EXIT Routes are posted by each door of the

building. Emergency in-the-field evacuations will be determined on each location and the muster area shall be discussed during the daily JSA and Tail Gate Safety Meeting. Electric overhead doors are not to be used during emergency evacuations. Only hinged doors are to be used. Signs are posted in the designated muster areas.

2. Supervisors shall stand at the front of the designated muster areas where they can be seen and report a headcount to the Safety Coordinator of the muster station, identifying any employee who cannot be accounted for.
3. The names of any employees who are unaccounted for and the location last seen will be given to the local emergency responders when they arrive.
4. First Aid or CPR will be provided by employees who are qualified to do so until advanced medical help arrives.
5. Every employee of this company is required to evacuate the building, rig or other facility.
6. No employee is to remain behind for any reason.

Accounting for Employees

Once everyone has evacuated the danger area, a head count will be made determining if anyone remains in the building, what department they work in, and where they were last seen. All employees must be accounted for. This information will be passed on to emergency services when they arrive.

Rescue Personnel

No one in this Company shall attempt to rescue another employee unless that person has been trained in rescue operations.

Under NO circumstance shall an employee jeopardize his/her life or subject themselves to potential injury in order to make a rescue. At this time there is no one in the Company who has adequate training to perform rescues in a fire. Only Outside Emergency Rescue Personnel are allowed to perform a rescue mission.

Employees who are adequately trained in respiratory protection, confined space entry, First Aid, CPR, and possess any other necessary certifications may perform rescues *only* in those situations for which they are qualified.

Training

All new employees shall receive training on the use of fire extinguishers and orderly evacuation procedures prior to being given their job assignment. All employees receive annual training on evacuation procedures as well as training on fire extinguisher which provides them with knowledge of using 5lb. and 10lb. fire extinguishers. Only trained employees shall try to extinguish a fire in the incipient stage if it can be done so safely. Once the fire extinguishers are used, the employee must exit the building or work area and proceed to the designated muster area with everyone else. Once fire extinguishers have been used they must be taken out of service and recharged.

Fire extinguishers shall be checked monthly to insure they are in good operating condition. This inspection shall be documented. Fire extinguishers which are out of date or if the pressure gauge does not read in the green, or if the canister is bent or damaged, must be taken out of service and replaced with one which is in good working order and the defective one shall be checked by an approved fire extinguisher company and either be tagged and/or recharged, or discarded.

TORNADO

In the event of a tornado warning, all office personnel shall be moved to rooms inside the facility away from areas where there may be broken or flying glass and other debris. Employees will be encouraged to remain calm and orderly while waiting for the tornado to pass. Once the storm is passed and provided there is no significant damage, all employees shall return to their duty stations. If there is major damage inflicted on the building management shall determine the extent of the damage and ascertain whether or not it is feasible for employees to return to work.

Field employees should seek shelter in low lying areas. DO NOT get in a vehicle to ride out the tornado. If available, try to congregate inside a sturdy structure.

HURRICANE

It is difficult to predict a hurricane's course. Management shall gather information from the National Weather Bureau, the Local Emergency Planning Commission as well as staying in tune with reliable radio and/or television stations. If it is eminent that a hurricane is most likely to strike in our working areas, depending on the category of the storm, management will determine when the rig shall be shut down in order for employees to go home to be with their loved ones or to evacuate. The management of Edde Drilling Co. LLC. is concerned for all employee's safety in all situations and will take appropriate action to insure the paramount safety of each employee in each situation.

In case a hurricane does strike in the South Texas area and employees are requested to evacuate, employees should contact the office, Raymond Bubak (361-649-1436) and Randy Brown (361-649-1376) to find out when they are expected to return to work. If telephones are not working, each employee should try several times each day to contact the office and listen to radio station 107.9 (Victoria) for information regarding returning to work.

Emergency Action Plan Review

The Emergency Action Plan shall be reviewed at least annually. It shall also be reviewed when situations change which would affect prompt and efficient means or conducting a safe evacuation of our employees in case of an emergency.

The plan shall be reviewed with employees when the plan is initially developed or prior to initial assignment of an employee to a job and/or when the employee's responsibilities under the plan change and/or when the plan is changed.

Field Emergencies

All personnel who work in the field under the direction of host companies are required to follow those companies' Emergency Action Plan. The host companies' plan may be very similar to ours. Details should be covered in the daily tailgate safety meeting. It is important that we work together with the host company and other companies who may be on location to insure that there is minimal danger or exposure to employees and equipment.

The incident should be reported to this office should be notified as quickly as possible once the scene is secured. Appropriate paperwork and reports should be submitted to the operations manager within 24 hours following the incident.



City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 01/11/18 05:30 PM
Department: City Secretary
Category: Presentation
Prepared By: David Holubec
Initiator: David Holubec
Sponsors:
DOC ID: 2951

DISCUSSION ITEM (ID # 2951)

**~ DISCUSS AND CONSIDER REVISING THE PARKING
DESIGN FOR DOWNTOWN HIGHWAY 35 AND HIGHWAY 60
TO PARALLEL PARKING.**

COMMENTS - Current Meeting:

Assistant Public Works Director, Marla Jasek presented this agenda item to Council members. She has drafted a letter to TxDot, detailing the City's desire to change areas to parallel parking. Council members requested a letter be drafted to business and residential owners in the area downtown.

Councilwoman, Becca Sitz, stated that the focus is on Highway 35 and Highway 60 and is to exclude the Court House area. Both Cornman and Sitz stated they have had lots of feedback from the community. Some citizens are concerned about the change.

Councilman, Bill Cornman discussed the new parking lot being purchased by the CDC Board on 5th street. 5th and 6th streets, on both sides of the road, would be a good area to start the plan.

Possibly 30% lose of parking area due to parallel parking.



City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 01/11/18 05:30 PM
Department: City Secretary
Category: Presentation
Prepared By: David Holubec
Initiator: David Holubec
Sponsors:
DOC ID: 2950

DISCUSSION ITEM (ID # 2950)

**~ DISCUSS, CONSIDER, AND/OR APPROVE A
DEVELOPMENT INCENTIVE PROPOSAL FOR NEW
BUSINESSES AND NEW CONSTRUCTION WITHIN THE CITY
LIMITS OF BAY CITY.**

COMMENTS - Current Meeting:

Mayor Bricker gave a proposal for this agenda item. Form based codes were used to formulate the plan. Plan would extend the City's current home incentive plan used in the past by the CDC Board.

Councilwoman, Becca Sitz stated she wanted the plan to include larger boundaries. She also wanted to include an occurrence cap of \$2,500 - \$25,000.

Councilman, Bill Cornman asked to see a more detailed proposal on a future agenda. Define financial cap, timeline and defined boundaries.

Bay City Community Development Director, DC Dunham stated that she would need to make a presentation to her Board members regarding their participation in an incentive plan.



City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 01/11/18 05:30 PM
Department: City Secretary
Category: Presentation
Prepared By: David Holubec
Initiator: David Holubec
Sponsors:
DOC ID: 2952

DISCUSSION ITEM (ID # 2952)

**~ DISCUSS AND CONSIDER THE REPORT FROM THE CITY
REGARDING POSSIBLE PROPERTIES AND FUNDING FOR
THE RELOCATION OF THE RECYCLING CENTER.**

COMMENTS - Current Meeting:

Assistant Public Works Director, Marla Jasek made a report to Council members concerning this agenda item.

Public works has just started working on this. What is SAL's timeline for development? Evaluation of various properties is ongoing.

Councilman Cornman indicated that there was not a budget planned for this relocation. He believes engineering costs and scope of work to consider. Indicated that Fayette County has a new facility that may assist the City in a direction. Possible HGAC grant. Cornman believes future re-negotiations may be necessary with the developer of the property.

North downtown resident, Ann Ryan, addressed Council regarding the relocation of the recycling center. She stated that something needs to be done. It's time.



City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 01/11/18 05:30 PM
Department: City Secretary
Category: Presentation
Prepared By: David Holubec
Initiator: David Holubec
Sponsors:
DOC ID: 2953

DISCUSSION ITEM (ID # 2953)

**~ DISCUSS AND CONSIDER THE FINANCIAL ANALYSIS AND
PROCESS OF THE MATAGORDA COUNTY CONVENTION
AND VISITORS BUREAU TRANSITION AND THE EFFECT ON
THE CURRENT CITY BUDGET.**

BACKGROUND:

CVB Budget: The City allocated \$48,000 of hotel tax dollars in FY 2018 to the Chamber of Commerce to operate the Convention and Visitors Bureau (CVB) in accordance with Texas Tax Code Chapter 351. As of January 1, 2018, the City will add 1 employee to the City to continue to operate the Convention and Visitors Bureau.

FINANCIAL IMPLICATIONS: None (See attached CVB Budget)

BACKGROUND:

Civic Center Budget: The City allocates \$48,000 of hotel tax dollars in FY 2018 to the Chamber of Commerce to operate the Civic Center in accordance with Texas Tax Code Chapter 351.

The City has not received information from the Chamber as of the true impact on the Chamber's budget other than the possibility that the Matagorda County Economic Development dollars (\$20,000) that was annually allocated to the Chamber may cease. In addition, the Chamber may need some additional staff to manage the Civic Center according to Robert Lister, Chairman of the Bay City Chamber of Commerce.

In light of this scenario, the City Council could consider an increase to the Chamber for administering the Civic Center.

FINANCIAL IMPLICATIONS: Yes (See attached Civic Center Budget)

COMMENTS - Current Meeting:

Finance Director, Scotty Jones reviewed a financial analysis she prepared regarding the CVB transition.

City of Bay City
Financial Statement
As of December 31, 2017
Civic Center

	Original Budget	Proposed Budget Adjustment	Amended Budget	Year To Date 12-31-17	Budget Balance
Revenue					
Rental Fees- Civic Center	70,000		\$ 70,000	15,475	\$ 54,525
Total Revenue	70,000	-	70,000	15,475	54,525
Expenditures					
<u>Supplies & Materials</u>					
Bank Charges	\$ 1,000		\$ 1,000	\$ 331	\$ 669
General Supplies	\$ 6,500	\$ -	\$ 6,500	\$ 1,211	\$ 5,289
<u>Other Charges & Services</u>					
Insurance	25,000	-	\$ 25,000	3,932	\$ 21,068
Utilities	28,000	-	\$ 28,000	6,474	\$ 21,526
Community Events	2,000		\$ 2,000	160	\$ 1,840
Contracted Services	120,000	-	\$ 120,000	23,084	\$ 96,916
Credit Card Fees	1,500		\$ 1,500	295	\$ 1,205
Operational Support	48,000	15,000	\$ 63,000	12,000	\$ 51,000
Miscellaneous Furniture & Equip	1,000	-	\$ 1,000	1,000	\$ -
Miscellaneous	500	-	\$ 500	500	\$ -
<u>Repairs & Maintenance</u>					
R & M- Furniture & Equipment	10,000	-	\$ 10,000	10,000	\$ -
R & M- Building	15,000	-	\$ 15,000	7,717	\$ 7,283
<u>Capital Outlay</u>					
CE- Building	585,000	-	\$ 585,000	-	\$ 585,000
Total Expenditures	\$ 843,500	\$ 15,000	\$ 858,500	\$ 66,704	\$ 791,796
Year 2 Operational Support FY 2019			58,000.00		
Year 3 Operational Support FY 2020			53,000.00		

** Increase in expenditure will be offset by current year hotel tax revenue and/or contracted services*

Hotel Tax Revenue Increase 15,000

Attachment: CVB Financial 1 (2953 : CVB Transition and the City Budget)

City of Bay City
Financial Statement
As of December 31, 2017
Convention & Visitors Bureau

	Original Budget	Proposed Budget Adjustment	Amended Budget	Year To Date 12-31-17	Budget Balance
Expenditures					
<u>Payroll & Payroll Related Costs</u>					
Salaries & Wages	0	31,000	31,000	0 \$	31,000
FICA Tax	0	2,371	2,371	0 \$	2,371
Unemployment Tax	0	131	131	0 \$	131
Retirement	0	2,908	2,908	0 \$	2,908
Worker's Compensation	0	54	54	0 \$	54
Health	0	4,914	4,914	0 \$	4,914
Travel & Training	\$ 6,000		6,000	\$ 2,256	\$ 3,744
Total Personnel	\$ 6,000	\$ 41,377	\$ 47,377	\$ 2,256	\$ 45,121
<u>Supplies & Materials</u>					
Postage & Freight	2,700	-	2,700	53 \$	2,647
General Supplies	1,500	-	1,500	- \$	1,500
Dues & Subscriptions	4,500	-	4,500	4,987 \$	(487)
Total Supplies & Materials	8,700	-	8,700		\$ 3,660
<u>Other Charges & Services</u>					
Professional Fees	3,000	-	3,000	580 \$	2,420
Operational Support	48,000	(36,000)	12,000	12,000 \$	-
Promotional Items	10,000	-	10,000	- \$	10,000
Printed Materials	10,000	-	10,000	- \$	10,000
Advertising	80,000	(5,377)	74,623	12,106 \$	62,517
Advertising - Concert Series	12,000	-	12,000	1,195 \$	10,805
Advertising - Texas Monthly	16,000	-	16,000	9,718 \$	6,282
Advertising - Texas Highways	16,000	-	16,000	6,838 \$	9,162
Application of the Arts	10,000	-	10,000	- \$	10,000
Miscellaneous	255	-	255	- \$	255
Total Other Charges & Services	205,255	(41,377)	163,878	42,436	121,442
<u>Repairs & Maintenance</u>					
Equipment	-	-	-	- \$	-
Total Expenditures	\$ 219,955	\$ 0	\$ 219,955	\$ 94,424	\$ 170,223

Attachment: CVB Financial 2 (2953 : CVB Transition and the City Budget)



City Council
1901 5Th Street
Bay City, TX 77414

SCHEDULED

Meeting: 01/11/18 05:30 PM
Department: City Secretary
Category: Presentation
Prepared By: David Holubec
Initiator: David Holubec
Sponsors:
DOC ID: 2954

DISCUSSION ITEM (ID # 2954)

**~ DISCUSS CURRENT AND FUTURE AGREEMENTS WITH
THE BAY CITY CHAMBER OF COMMERCE AND
AGRICULTURE.**

COMMENTS - Current Meeting:

Finance Director, Scotty Jones and Assistant City Attorney, Shannon Kackley presented this agenda item to Council members.

Scotty Jones proposed merging agreements that will involve the Chamber, Civic Center administration.

Council members felt this was done too quickly and that it was costing un-budgeted money.

Councilman, Bill Cornman indicated that the CVB was getting an excellent employee with tons of experience. He stressed that Council needed to resolve this transition tonight.

**CITY OF BAY CITY LEASE AGREEMENT
FOR THE BAY CITY CIVIC CENTER
BAY CITY,
MATAGORDA COUNTY,
TEXAS**

This Agreement is made and entered into by and between the City of Bay City, Texas, a home rule municipal corporation of the State of Texas, acting by and through its Mayor, hereinafter called "City" and the Bay City Texas Chamber of Commerce and Agriculture, acting by and through its President/CEO, hereinafter called "Lessee," for the following express covenants and conditions, all and every one of which the Lessee hereby covenants and agrees to and with City to keep and perform. City and Lessee may be referred to individually as "Party" and collectively as the "Parties."

I.

**PAYMENT TO CITY AND
GRANT AND TERM OF LEASE**

- 1.1 That the City, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed, does hereby agree to furnish certain space and premises located in the Civic Center of Bay City, Matagorda County, Texas as Offices for the Lessee (hereinafter called the "Leased Premises" or "Civic Center"). In exchange for free rent and use of the Leased Premises (and with a limit of four (4) fundraising events per year in the Exhibit Hall) at no cost to the Chamber, the Chamber shall:
- a. Book Civic Center Events;
 - b. Take care of getting lease agreement signed;
 - c. Collect security deposits and user fees, deposit them to the designated City account, and forward such accounting records to the City Finance Office; and perform such other similar acts as are reasonably required by the Director of Finance;
 - d. Answer all questions pertaining to the use of the Civic Center;
 - e. Recommend fee schedule to the City Council for approval;
 - f. Check on all week day events held from 8:00 A.M. to 5:00P.M.;
 - g. Assure contract for custodial services include:
 - 1. Set up and take down of chairs, tables, and stage as needed;
 - 2. Making sure room are ready for use and day to day maintenance

- h. Arrange for crafts persons for any repairs needed that cannot be done by the custodial service or city personnel;
- i. Arrange for the purchase, at City expense, upon approval by the City, of necessary supplies, including janitorial supplies;
- j. Provide to the Mayor's office a report, quarterly or at more frequent intervals, regarding the operations of the Civic Center.

The City shall:

Pay all authorized bills for Civic Center (which would include contract labor, supplies, repairs, and other related bills pertaining to the Civic Center).

- 1.2 Lessee shall function as the intermediary management for funds and proceeds from the Civic Center. All income and expenses for the Civic Center shall be handled through the City's Finance office.
- 1.3 The terms of this lease shall commence on the 1st day of August, 2016, and be in effect for a period of five (5) years, with an annual review as agreed to by Parties at the end of each year.
- 1.4 If the Civic Center property shall be damaged by the act, default or negligence of Lessee or of Lessee's agent or employees, patrons, guests or any person admitted to the properties by Lessee (not including booked events), Lessee shall pay to the City, upon demand, such sum as shall be necessary to restore said Leased Premises to their present condition.

II.

- 2.1 Should Lessee sub-lease all or any portion of the Leased Premises for purposes other than those required to operate and maintain the Civic Center, Lessee shall notify City of the intended use of such space in writing, requesting the City to approve of such use.

III.

- 3.1 Lessee shall employ sufficient qualified personnel as may be required to ensure the proper use and occupancy of the Civic Center including but not limited to ensuring that the Civic Center facility use is maximized and users are provided accurate and quality booking/scheduling services. Lessee further agrees that each person employed by Lessee to provide services in the Civic Center shall at all times maintain a neat, clean appearance and conduct themselves in a polite and professional manner. Lessee agrees to replace and such employees failing to do so in accordance and consistent with the written policies and practices of the Lessee and the City.

- 3.2 Lessee shall use leased premises for office use for their employees and management of the facility.
- 3.3 Lessee agrees to monitor building for any needed maintenance or repairs. The Lessee shall monitor, in conjunction with the contracted custodial services, on-going maintenance needs for the facility, such as security, electrical, plumbing, and janitorial. Lessee shall solicit repairs from a licensed repair service and submit the repair bills to the City for payment for such repairs as cannot be accomplished by City personnel.
- 3.4 In furnishing said Leased Premises, the City does not relinquish the right to direct the management of the Civic Center property, and to enforce all necessary and proper rules for the management and operation of the same. Nothing herein contained shall be construed to all the City to direct, control, or manage the internal affairs of Lessee. Lessee shall provide the City with a proposal for setting lease fees for the use of the various rooms of the Civic center. No variations in the lese fees shall be allowed without City approval.
- 3.5 Lessee has authority to approve all leases for space in the Civic Center for a term not to exceed one (1) year. Any requests for lease of Civic Center space for longer than one year must be approved by the City.
- 3.6 Lessee shall provide a list of rental policies and rules governing leased space in the Civic Center. Changes to the list of policies and rules shall require City approval.
- 3.7 Lessee shall not cause nor permit an changes, alterations, painting or staining any part of the premises or furnishings not permit to be done anything which shall damage or change the finish or appearance of the Bay City Civic Center or the furnishing thereof.

IV.

INSURANCE

- 4.1 Lessee agrees to provide evidence of insurance as may be required by law for the employees of Lessee. Lessee shall maintain premises liability insurance in the amount of \$ 2 million, naming the City as additional insured.

V.

LAW OBSERVANCE

- 5.1 Lessee shall not do, nor suffer to be done, anything on the said Leased Premises during the term of this lease, in violation of the laws of the United States and the State of Texas, and the ordinances of The City of

Bay City, Texas. Ruther, Lessee shall obey all rules and regulations of the City for the government and management of said building, together with all the rules and requirements of the Police and Fire Departments of the City. The Lessee agrees that every employer or agent connected with the purpose of which said building is rented, shall abide by, conform to and comply with all and any such rules and ordinances. If the attention of said Lessee is called to such violation, Lessee shall immediately desist from and correct such violations.

VI.

NON-DISCRIMINATION

- 6.1 It is understood that the leased premises are owned by the City and are a part of the Civic Center and that any discrimination by Lessee, its agents or employees, because of race, color, religion, national origin, sex, or handicapping condition in the use of or admission to the leased premises is prohibited.

VII.

UTILITIES

- 7.1 Lessee shall provide for its own phone service and shall pay Two Hundred Dollars (\$200.00) per month to the City as reimbursement for its electrical usage.
- 7.2 The City shall pay for the remaining electrical, water, and gas usage at the Civic Center, and for garbage collection.

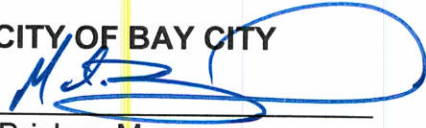
VIII.

DEFAULT/CURE/TERMINATION

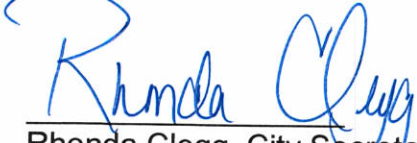
- 8.1 Failure of either Party hereto to perform any of the covenants herein contained shall constitute an event of default. Failure to cure any such default within 10 days of written notice thereof shall at the election of the non-defaulting Party, result in immediate termination hereof, in addition to any other remedies available to said Party at law or in equity.

Dated: 8/26/10

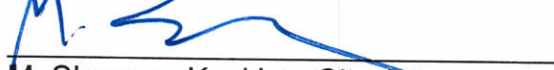
THE CITY OF BAY CITY

By: 
Mark Bricker, Mayor

ATTEST:


Rhonda Clegg, City Secretary

APPROVED AS TO FORM:


M. Shannon Kackley, City Attorney

**BAY CITY TEXAS CHAMBER OF
COMMERCE AND AGRICULTURE**

By: 
Mitch Thames, President/CEO

8-23-16

COPY

**BAY CITY CONVENTION AND VISITORS BUREAU
HOTEL-MOTEL TAX AGREEMENT**

THE STATE OF TEXAS §

COUNTY OF MATAGORDA §

THIS CONTRACT AND AGREEMENT is made and executed in duplicate on this the 27th day of February, 1997, by and between the City of Bay City, Texas, an incorporated municipality of the State of Texas, hereinafter called "the City", and the Bay City Chamber of Commerce and Agriculture, reinafter called "the Recipient."

WITNESSETH:

The City has heretofore been authorized to levy and collect a tax upon the cost of occupancy of any sleeping room furnished by any hotel in accordance with Section 156.001 and Section 351.001 of the *Texas Tax Code* (referred to herein as the "Tax Code"). Said Tax Code provides in part that the City shall use the tax revenue generated by such tax for certain specified purposes only either by the city or through a contract with persons or organizations selected by the city. The City, due to the many pressing matters required of it, has found it desirable to enter into a contract with such persons or organizations which may agree to budget the revenues generated and authorized and utilize same for the purpose specified in the Act.

The Recipient has, by Resolution duly passed and adopted, agreed to budget the tax revenues from the City and to use said revenues in accordance herewith.

NOW THEREFORE, for and in consideration of the premises and of the mutual promises and benefits herein contained, the City and the Recipient do hereby contract and agree as follows:

ARTICLE 1. RESERVED FUNDS

1.1 The city agrees to reserve for the Recipient 50% of the Hotel-Motel Occupancy Tax collected by the City of Bay City, Texas, minus the expenses of collection, including but not limited to legal fees and court costs.

1.2 The City shall deposit said funds as collected in a financial account under the City's control and name, and in accordance with the City's investment policies. Said account shall be specifically dedicated for the purpose as enumerated in Article 2 of this contract.

Revised 02/13/97 11:29am

Attachment: CVB HOT Agreement (2954 : BC Chamber of Commerce Future Agreements)

1.3 The City does specifically agree that all interest earned on financial accounts as enumerated in Article 1.2 shall become a part of the funds to be reserved in Article 1.1 for the purpose of this contract.

1.4 The hotel-motel tax revenue and earned interest upon said revenue shall hereinafter be referred to as the "Hotel-Motel Occupancy Tax Fund."

ARTICLE 2. PURPOSE

2.1 This Contract and Agreement is expressly made contingent upon, and the Recipient hereby assumes the responsibility of, the use of the tax revenues for the following purposes and no other, to-wit:

"(1) The general promotional and tourist advertising o the City of Bay City and its vicinity, and

"(2) Conducting a solicitation and operating program to attract conventions and visitors; and

"(3) The operation of tourist and visitors information bureau.

2.2 These purposes shall automatically reflect any change, addition or deletion as authorized by the Texas legislature by Amendment to Section 351.101(b) *Texas Tax Code*.

2.3 The City and the Recipient agree to work in conjunction with each other for the purposes herein specified. The recipient hereby acknowledges its duty to expend the public funds hereby entrusted to it in such a manner as to conform to all laws presently in force or hereafter created, and all expenditures shall conform to said law as set forth in Section 351.101 of the *Texas Tax Code*.

ARTICLE 3. TERM

3.1 This Contract and Agreement shall be effective as of January 1, 1997 and expire on December 31, 1997 at 12:00 midnight, unless sooner terminated as provided herein.

3.2 This Contract and Agreement shall automatically renew annually unless the Contract has been terminated as provided herein.

ARTICLE 4. DUTIES

4.1 *Budget.* The Recipient shall prepare a budget, as directed by the City Treasurer, for approval by the City Council at a regularly scheduled Council meeting. The City shall not be responsible for the payment of any unbudgeted item, unless a budget amendment is authorized by the Committee and approved by the City Council.

4.2 *Expenses.* The Recipient shall submit such Financial data regarding expenses, and at such times, as required by the City Treasurer for the processing of same. Copies of such matters shall be given to the Deputy City Secretary for the Mayor and each Council member. Original invoices shall be kept by the Recipient.

4.3 *Reports.* The Recipient shall present to the City Council at such times as requested, but no less than annually, a report of the programs and activities funded hereby.

4.4 *Expenditures.* It is understood and agreed by and between the parties that the Hotel-Motel Occupancy Tax funds may be spent by the Recipient for day to day operations including supplies, salaries, office rental, travel expenses, and other administrative costs, if the same have been previously approved by the City in the Recipient's budget, and if directly related to the advertising and promotion of tourism and conventions to Bay City and its vicinity. The portion of that total administrative costs for which Hotel-Motel Occupancy Tax revenues are expended may not exceed those funds used which are directly related to the promotion, advertising, and encouragement of tourism and conventions in Bay City and its vicinity. It is additionally understood and agreed that Hotel-Motel Occupancy Tax revenues may not be spent for travel for a person to attend an event or conduct an activity the primary purpose of which is not directly related to the promotion of tourism and the convention and hotel industry or the performance of the person's job in an efficient and professional manner.

ARTICLE 5 . MEETINGS

5.1 All meetings of the Recipient shall comply with the *Texas Open Meetings Act*, V.T.C.A., *Government Code*, §551.001 et seq., and all records are open records pursuant to the *Texas Open Records Act*, V.T.C.A., *Government Code*, §552.001, et seq.

5.2 The Recipient shall be responsible for posting and publishing all required public notices at City Hall.

ARTICLE 6. ACCOUNTING

6.1 *Books of Account.* The Recipient shall keep accurate books of account with the City in which all matters relating to this contract, including all income, expenditures, invoices, assets, and liabilities thereof, shall be entered. Said books shall be kept on a cash basis and shall be open to examination by the City, the Recipient (or its respective agents), or by individual citizens of Bay City.

thereof, shall be entered. Said books shall be kept on a cash basis and shall be open to examination by the City, the Recipient (or its respective agents), or by individual citizens of Bay City.

6.2 Annual Accounting. A complete accounting of this contract and of the Recipient's affairs, as they relate hereto, as of the close of business on the last day of September of each year shall be rendered to the City Council. The Recipient shall maintain proper records of its use of said funds to expedite any audit and to enable the auditors to determine the proper expenditures of the funds authorized by this contract.

ARTICLE 7. BIDDING REQUIREMENTS

7.1 It is further agreed that any purchases of goods or services exceeding \$2,500 shall be informally bid and the contract given to the lowest responsible bidder.

ARTICLE 8. ASSIGNMENT AND SUB-LEASING

8.1 The Recipient may not assign or sublet this contract nor any portion of the contract without the prior written consent of the City, but the Recipient shall not thereafter be relieved of any covenant, condition or obligation imposed under the terms of this contract.

ARTICLE 9. NO PARTNERSHIP OR JOINT VENTURE

9.1 It is expressly understood and agreed that no term, condition or provision of this agreement is intended to create and shall never be construed to create a partnership or joint venture between the City and the Recipient. The Recipient appointed hereby shall be considered an independent contractor as to the City of Bay City.

ARTICLE 10. TERMINATION OF CONTRACT

10.1 The City reserves the right to terminate this contract immediately, if in the City Council's sole discretion as determined by a majority vote at a regular Council meeting (a) the terms hereof are violated or (b) when it is in the best interest of the public. Written notice shall be mailed immediately to the Recipient, giving the effective termination date as thirty (30) days from the date of the City Council's vote to terminate.

10.2 The City and the Recipient hereby agree that this Agreement may be amended by act of the City Council; provided, that should such any amendment be onerous or burdensome upon the Recipient, the Recipient shall be able by resolution duly passed, to terminate this contract effective thirty (30) days

thence, thereby releasing the Recipient from the terms hereof. The Recipient shall give immediate written notice to the City of the termination.

10.3 This agreement may be cancelled by either party without reason or cause by giving to the other party ninety (90) days notice in writing of an intention to so terminate.

10.4 Upon the termination of this contract for whatever reason, the Recipient shall deliver to the City all documents and invoices pertaining to this contract and all funds (if any) from payments made by the City under this contract remaining after the discharge and payment of all obligations incurred by the Recipient while this contract was in effect.

10.5 The City does agree to honor and pay all budgeted expenditures authorized by the Recipient prior to termination so long as the expenditures conform to Bay City Ordinances and *V.T.C.A., Tax Code*, §351.001 et seq.

10.6 It is further understood that by enacting this contract with the Recipient the City does not bind itself in the future as to any action of the Council in connection with the alteration or repeal of amendment or amendments of the City's Hotel-Motel Occupancy Tax. In the event for any reason that funds are not collected by the City under the provisions of the Hotel-Motel Occupancy Tax, the City shall not be obligated under this ordinance and contract to pay over any funds of the City to the Recipient. It is also understood between the parties to this contract that in the event no funds are available from the City's seven percent (7%) Hotel-Motel Occupancy Tax, that this contract shall terminate, Article 10.3 hereof notwithstanding, and that the Recipient shall have no right or demand upon the City for funds payable under this contract if such funds are not available for any reason.

10.7 This contract passed and was approved by the City on the 27th day of February, 1997.

ARTICLE II. LIABILITY

11.1 The City shall not be liable for claims or demands for damages, monetary or otherwise, that may grow out of or arise from the Recipient's actions in the conducting and carrying out of its work and activities financed under this contract. The Recipient shall hold the city harmless from such claims and demands.

ARTICLE 12. MISCELLANEOUS

12.1 *Notices and Addresses.* All notices provided to be given under this agreement shall be given by certified mail or registered mail, return receipt requested, addressed to the proper party, at the following address (or at such other address as shall hereafter be specified in writing):

City of Bay City
1901 Fifth Street
Bay City, Texas 77414

Bay City Chamber of
Commerce and Agriculture
Bay City Convention and Visitors Bureau
P.O. Box 768
Bay City, Texas 77414

When such notice is so mailed and deposited in the United States Post Office in Bay City, Texas, postage prepaid, it shall be presumed that the party to whom such notice has been directed shall have received the same at the time and on the date when so deposited.

12.2 *Parties Bound.* This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns where permitted by this agreement.

12.3 *Texas Law to Apply.* This agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Matagorda County, Texas.

12.4 *Legal Construction.* In case any one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

12.5 *Prior Agreement Superseded.* This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understanding or written or oral agreements between the parties respecting the within subject matter.

12.6 *Amendment.* No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

12.7 *Rights and Remedies Cumulative.* The rights and remedies provided by this agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

12.8 *Waiver of Default.* No waiver by the parties hereto of any default or breach of any term, condition, or covenant of this agreement shall be deemed to be a waiver of any other breach of the same or any other term, condition, or covenant contained herein.

12.9 *Attorney's Fees.* In the event the City or the Recipient breaches any of the terms of this agreement whereby the party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the other party reasonable attorney's fees and expenses and the court costs so incurred by such other party.

12.10 *Force Majeure.* Neither the City nor the Recipient shall be required to perform any term, condition, or covenant in this agreement so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, civil riot, floods, and any other cause (other than financial, labor or material supplies) which is not reasonably within the control of the City or the Recipient and which by the exercise of due diligence the City or the Recipient is unable, wholly or in part, to prevent or overcome. However, abatement of contract under this clause shall not cease for a cumulative time of more than sixty (60) days or the City may elect to declare this contract in default and terminated.

12.11 *Time of Essence.* Time is of the essence in this agreement.

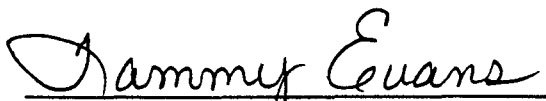
EXECUTED in duplicate copies, each of which is to have the force and effect of an original, on the 27th day of February, 1997.

THE CITY OF BAY CITY

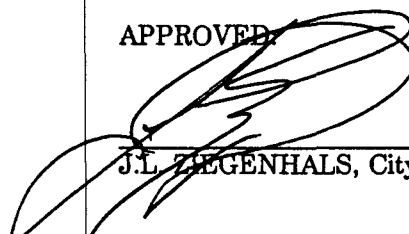
By:


CHARLES MARTINEZ, Jr., Mayor

ATTEST:

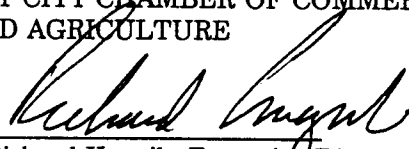

TAMMY EVANS, City Secretary

APPROVED:


J.L. ZIEGENHALS, City Attorney

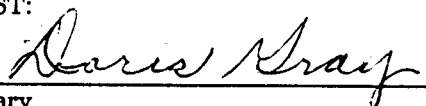
Attachment: CVB HOT Agreement (2954 : BC Chamber of Commerce Future Agreements)

BAY CITY CHAMBER OF COMMERCE
AND AGRICULTURE

By: 

Richard Knapik, Executive Director

ATTEST:


Secretary

Attachment: CVB HOT Agreement (2954 : BC Chamber of Commerce Future Agreements)

RESOLUTION NO. R-2013-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BAY CITY, TEXAS, AUTHORIZING THE EXECUTION OF AGREEMENT WITH BAY CITY CHAMBER OF COMMERCE FOR THE PAYMENT OF \$48,000.00 OF CITY FUNDS FOR OPERATION OF THE BAY CITY CONVENTION AND VISITORS BUREAU

WHEREAS, Recipient provides services that promote the health, safety morals and or general welfare of the residents of Bay City; and

WHEREAS, City has provided certain funds from its general fund to promote the type of public services provided by Recipient; and

WHEREAS, Recipient has submitted an application to CITY for funding for the operation of the Bay City Convention and Visitors Bureau; and

WHEREAS the CITY has allocated \$48,000 from the Civic and Cultural Arts (Hotel Occupancy Tax) Fund budget for the above-described Project.

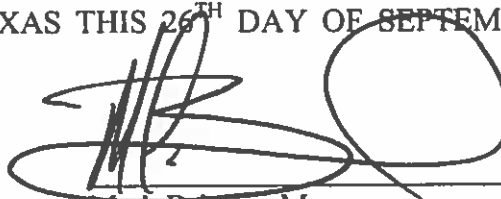
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BAY CITY, TEXAS, THAT:

Section one. The Agreement to Use Funds of the City of Bay City, attached hereto as Exhibit "A" is hereby approved.

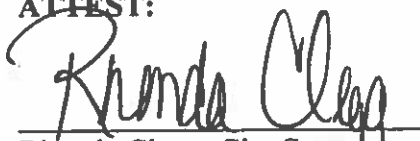
Section two. The Mayor is hereby authorized to execute said agreement.

Section three. Upon execution of said agreement, the Finance Director is hereby authorized to release funds in accordance with the terms of the agreement.

PASSED AND APPROVED AT BAY CITY TEXAS THIS 26TH DAY OF SEPTEMBER, 2013


 Mark Bricker, Mayor
 City of Bay City

ATTEST:


 Rhonda Clegg, City Secretary

APPROVED AS TO FORM:


 George Hyde, City Attorney

Attachment: CVB Resolution - R-2013-33 (2954 : BC Chamber of Commerce Future Agreements)

AGREEMENT TO USE FUNDS of the City of Bay City

THIS AGREEMENT is entered into by and between the City of Bay City, a Texas Municipal Corporation ("CITY") acting by and through its Mayor, and the Bay City Chamber of Commerce and Agriculture, ("Recipient");

WITNESSETH:

WHEREAS, Recipient provides services that promote the health, safety morals and or general welfare of the residents of Bay City; and

WHEREAS, City has provided certain funds from its Hotel Occupancy Tax Fund to promote the type of public services provided by Recipient; and

WHEREAS, Recipient has submitted an application to CITY for funding for the Bay City Chamber of Commerce CVB ("Project"), as described in **Attachment I –Scope of Work**; and

WHEREAS, pursuant to Resolution No. R-2013-33, passed and approved on September 26, 2013, the City Council authorized the execution of this Agreement with Recipient; and

WHEREAS the CITY has allocated \$48,000 from the Civic and Cultural Arts (Hotel Occupancy Tax) Fund budget for the above-described Project; **NOW THEREFORE:**

For and in consideration of the following mutual promises and obligations, and for the benefit of the City of Bay City and health, safety morals and or general welfare of its residents, the parties agree as follows:

1. In consideration of the payment of the sum of \$48,000 to Recipient by the CITY, Recipient agrees to spend these funds only as described in **Attachment I - Scope of Work**. Recipient agrees to provide CITY with invoices to support the expenditures under this Agreement no later than thirty (30) days from the date that Recipient makes such expenditures. Accounting records for all expenditures shall be maintained by Recipient in accordance with generally accepted accounting practices, and shall be subject to audit by the CITY or its contracted auditor. These records shall be maintained for a period of four years from the termination date of this Agreement.
2. This Agreement will commence immediately upon execution hereof and terminate upon the completion of all obligations herein contained or September 30, 2014, whichever is sooner.
3. This Agreement is not assignable and funds received as a result hereof shall only be used by the parties stated herein.
4. In the event that all of the above-described funds are not used for the purposes set out in Section 1 of this Agreement and in accordance with all terms and provisions hereof,

Contract Number: _____

<u>TYPE</u>	<u>AMOUNTS</u>
Broad Form Commercial General Liability Insurance to include coverage for the following: - Premises operations - Independent Contractors - Products/completed operations - Personal Injury - Contractual Liability	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
Business Automobile Liability - Owned/leased vehicles - Non-owned vehicles - Hired Vehicles ** if transportation of participants is conducted	<u>Combined Single Limit</u> for <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence

- (D) The City shall be entitled, upon request and without expense, to receive copies of the policies, declarations page and all endorsements thereto as they apply to the limits required by the City Council. The Recipient shall agree to carry the same coverage as the City at all times. The City will notify the Recipient at any time that the City changes its limits (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Recipient shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Recipient and the City shall negotiate any costs incurred resulting from said changes.

Cathy Ezell
Finance Director
City of Bay City
1901 5th Street
Bay City, Texas 77414

- (E) Recipient agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:

- Name the City and its officers, officials, employees, volunteers, and elected representatives as additional insureds by endorsement, as respects operations and activities of, or on behalf of, the named insured (Bay City Chamber of Commerce and Agriculture) performed under contract with

demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to RECIPIENT'S activities under this AGREEMENT, including any acts or omissions of RECIPIENT, any agent, officer, director, representative, employee, consultant or subcontractor of RECIPIENT, and their respective officers, agents employees, directors and representatives while in the exercise of performance of the rights or duties under this AGREEMENT. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT RECIPIENT AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

RECIPIENT shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or RECIPIENT known to RECIPIENT related to or arising out of RECIPIENT'S activities under this AGREEMENT.

Defense Counsel - City shall have the right to select or to approve defense counsel to be retained by Recipient in fulfilling its obligation hereunder to defend and indemnify City, unless such right is expressly waived by City in writing. Recipient shall retain City approved defense counsel within seven (7) business days of City's written notice that City is invoking its right to indemnification under this Agreement. If Recipient fails to retain Counsel within such time period, City shall have the right to retain defense counsel on its own behalf, and Recipient shall be liable for all costs incurred by City. City shall also have the right, at its option, to be represented by advisory counsel of its own selection and at its own expense, without waiving the foregoing.

Employee Litigation – In any and all claims against any party indemnified hereunder by any employee of Recipient, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation herein provided shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Recipient or any subcontractor under worker's compensation or other employee benefit acts.

8. Recipient shall not engage in employment practices which have the effect of discriminating against any employee or applicant for employment, and, will take affirmative steps to ensure that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, handicap, or political belief or affiliation.

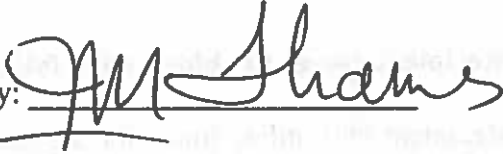
Contract Number: _____

IN WITNESS OF WHICH this Agreement has been executed on this 26th day of September, 2013.

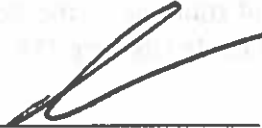
CITY OF BAY CITY

AGENCY

By: _____

By:  _____

Approved as to Form: _____


Assistant City Attorney

Attachment I: Scope of Work

Attachment: CVB Resolution - R-2013-33 (2954 : BC Chamber of Commerce Future Agreements)

RESOLUTION NO. R-2013-37

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BAY CITY, TEXAS, AUTHORIZING THE EXECUTION OF AGREEMENT WITH BAY CITY CHAMBER OF COMMERCE FOR THE PAYMENT OF \$48,000.00 OF CITY FUNDS FOR OPERATION OF THE BAY CITY CIVIC CENTER

WHEREAS, Recipient provides services that promote the health, safety morals and or general welfare of the residents of Bay City; and

WHEREAS, City has provided certain funds from its general fund to promote the type of public services provided by Recipient; and

WHEREAS, Recipient has submitted an application to CITY for funding for the operation of the Bay City Convention and Visitors Bureau; and

WHEREAS the CITY has allocated \$48,000 from the Civic and Cultural Arts (Hotel Occupancy Tax) Fund budget for the above-described Project.

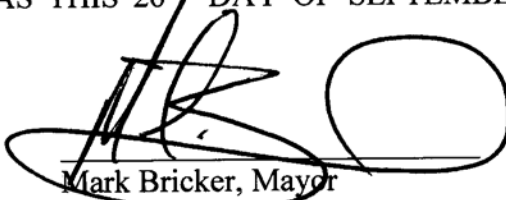
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BAY CITY, TEXAS, THAT:

Section one. The Agreement to Use Funds of the City of Bay City, attached hereto as Exhibit "A" is hereby approved.

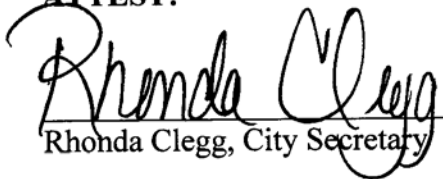
Section two. The Mayor is hereby authorized to execute said agreement.

Section three. Upon execution of said agreement, the Finance Director is hereby authorized to release funds in accordance with the terms of the agreement.

PASSED AND APPROVED AT BAY CITY TEXAS THIS 26TH DAY OF SEPTEMBER, 2013


Mark Bricker, Mayor
City of Bay City

ATTEST:


Rhonda Clegg, City Secretary

APPROVED AS TO FORM:


George Hyde, City Attorney

Attachment: R-2013-37 (2954 : BC Chamber of Commerce Future Agreements)

EXHIBIT "A"

AGREEMENT WITH BAY CITY **CHAMBER** OF **COMMERCE** FOR THE
USE OF \$48,000.00 OF CITY FUNDS FOR OPERATION OF THE BAY CITY
CIVIC CENTER

Attachment: R-2013-37 (2954 : BC Chamber of Commerce Future Agreements)

AGREEMENT TO USE FUNDS of the City of Bay City

THIS AGREEMENT is entered into by and between the City of Bay City, a Texas Municipal Corporation ("CITY") acting by and through its Mayor, and the Bay City **Chamber of Commerce and Agriculture**, ("Recipient");

WITNESSETH:

WHEREAS, Recipient provides services that promote the health, safety, morals and or general welfare of the residents of Bay City; and

WHEREAS, City has provided certain funds from its general fund and Hotel Motel tax fund to promote the type of public services provided by Recipient; and

WHEREAS, Recipient has submitted an application to CITY for funding for the Bay City **Chamber of Commerce** Civic Center ("Project"), as described in **Attachment I – Scope of Work**; and

WHEREAS, pursuant to Resolution No. R-2013-37, passed and approved on September 26, 2013, the City Council authorized the execution of this Agreement with Recipient; and

WHEREAS the CITY has allocated **\$48,000** from the Civic and Cultural Arts (Hotel Occupancy Tax) Fund budget for the above-described Project; **NOW THEREFORE:**

For and in consideration of the following mutual promises and obligations, and for the benefit of the City of Bay City and health, safety, morals and or general welfare of its residents, the parties agree as follows:

1. In consideration of the payment of the sum of **\$48,000** to Recipient by the CITY, Recipient agrees to spend these funds only as described in **Attachment I - Scope of Work**. Recipient agrees to provide CITY with invoices to support the expenditures under this Agreement no later than thirty (30) days from the date that Recipient makes such expenditures. Accounting records for all expenditures shall be maintained by Recipient in accordance with generally accepted accounting practices, and shall be subject to audit by the CITY or its contracted auditor. These records shall be maintained for a period of four years from the termination date of this Agreement.
2. This Agreement will commence immediately upon execution hereof and terminate upon the completion of all obligations herein contained or September 30, 2014, whichever is sooner.
3. This Agreement is not assignable and funds received as a result hereof shall only be used by the parties stated herein.

4. In the event that all of the above-described funds are not used for the purposes set out in Section 1 of this Agreement and in accordance with all terms and provisions hereof, Recipient agrees to refund any amounts to the CITY which were not used in accordance with these terms within thirty (30) days of the end of the Project or **September 30, 2014**, whichever occurs earlier.
5. None of the performance rendered hereunder shall involve, and no portion of the funds received hereunder shall be used, directly or indirectly, for the construction, operations, maintenance or administration of any sectarian or religious facility or activity, nor shall said performance rendered or funds received be utilized so as to benefit, directly or indirectly, any such sectarian or religious facility or activity.

6. INSURANCE

Recipient agrees to comply with the following insurance provisions:

- (A) Prior to the commencement of any work under this Agreement, Recipient shall furnish copies of all required endorsements and a completed Certificate(s) of Insurance to the City's Finance Department, which shall be clearly labeled "the Bay City Chamber of Commerce and Agriculture" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept Memorandum of Insurance or Binders as proof of insurance. The certificate(s) or form must have the agent's signature and phone number and be mailed with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Office of Cultural Affairs. No officer or employee, other than the City's Mayor, shall have authority to waive this requirement.
- (B) The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverage and their limits when deemed necessary and prudent by City's Mayor based upon changes in statutory law, or court decisions. The Recipient shall carry the same coverage as the City at all times. The City will notify the Recipient at any time that the City changes its limits, In no instance will City allow modification whereupon City may incur increased risk.
- (C) A contractor's financial integrity is of interest to the City; therefore, subject to Recipient's right to maintain reasonable deductibles in such amounts as are approved by the Chamber Board, Recipient shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Recipient's sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M. Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed:

Contract Number: _____

<u>TYPE</u>	<u>AMOUNTS</u>
Broad Form Commercial General Liability Insurance to include coverage for the following: - Premises operations - Independent Contractors - Products/completed operations - Personal Injury - Contractual Liability	For <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
Business Automobile Liability - Owned/leased vehicles - Non-owned vehicles - Hired Vehicles ** if transportation of participants is conducted	<u>Combined Single Limit</u> for <u>Bodily Injury</u> and <u>Property Damage</u> of \$1,000,000 per occurrence

(D) The City shall be entitled, upon request and without expense, to receive copies of the policies, declarations page and all endorsements thereto as they apply to the limits required by the City Council. The Recipient shall agree to carry the same coverage as the City at all times. The City will notify the Recipient at any time that the City changes its limits. (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Recipient shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Recipient and City shall negotiate any costs incurred resulting from said changes.

Cathy Ezell
 Finance Director
 City of Bay City
 1901 5th Street
 Bay City, Texas 77414

(E) Recipient agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:

- Name the City and its officers, officials, employees, volunteers, and elected representatives as additional insureds by endorsement, as respects

operations and activities of, or on behalf of, the named insured (Bay City Chamber of Commerce and Agriculture) performed under contract with the City when authorized by the Chamber Board Chair or the Chamber President.

- Provide for an endorsement that the "other insurance" clause shall not apply to the City of Bay City where the City is an additional insured shown on the policy;
 - Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance written notice for nonpayment of premium.
- (F) Within five (5) calendar days of a suspension, cancellation, or non-renewal of coverage, Recipient shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Recipient's performance should there be a lapse in coverage at any time during this Agreement. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.
- (G) In addition to any other remedies the City may have upon Recipient's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Recipient to stop work hereunder, and/or withhold any payment(s) which become due to Recipient hereunder until Recipient demonstrates compliance with the requirements hereof.
- (H) Nothing herein contained shall be construed as limiting in any way the extent to which Recipient may be held responsible for payments of damages to persons or property resulting from Recipient's or its subcontractors' performance of the work covered under this Agreement.
- (I) It is agreed that Recipient's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of Bay City for liability arising out of operations under this Agreement.
- (J) It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided.
- (K) Recipient and its subcontractors are responsible for all damage to their own equipment and/or property.

7. INDEMNITY

RECIPIENT covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and

representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to RECIPIENT'S activities under this AGREEMENT, including any acts or omissions of RECIPIENT, any agent, officer, director, representative, employee, consultant or subcontractor of RECIPIENT, and their respective officers, agents employees, directors and representatives while in the exercise of performance of the rights or duties under this AGREEMENT. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT RECIPIENT AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

RECIPIENT shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or RECIPIENT known to RECIPIENT related to or arising out of RECIPIENT'S activities under this AGREEMENT.

Defense Counsel - City shall have the right to select or to approve defense counsel to be retained by Recipient in fulfilling its obligation hereunder to defend and indemnify City, unless such right is expressly waived by City in writing. Recipient shall retain City approved defense counsel within seven (7) business days of City's written notice that City is invoking its right to indemnification under this Agreement. If Recipient fails to retain Counsel within such time period, City shall have the right to retain defense counsel on its own behalf, and Recipient shall be liable for all costs incurred by City. City shall also have the right, at its option, to be represented by advisory counsel of its own selection and at its own expense, without waiving the foregoing.

Employee Litigation – In any and all claims against any party indemnified hereunder by any employee of Recipient, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation herein provided shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Recipient or any subcontractor under worker's compensation or other employee benefit acts.

8. Recipient shall not engage in employment practices which have the effect of discriminating against any employee or applicant for employment, and, will take affirmative steps to ensure

Contract Number: _____

that applicants are employed and employees are treated during employment without regard to their race, color, religion, national origin, sex, age, handicap, or political belief or affiliation.

9. Recipient shall provide services as described in Attachment I, in a non-discriminating manner without regard to a person's race, color, religion, national origin, sex, age, handicap, or political belief or affiliation.
10. Recipient shall receive prior written approval from the CITY before committing these funds as a match for any local funding.
11. Recipient agrees and understands that, it and all persons designated by it to provide services in connection with this Agreement, is (are) and shall be deemed to be an independent contractor(s), responsible for its (their) respective acts or omissions, and that CITY shall in no way be responsible for Recipients actions, and that none of the parties hereto will have authority to bind the others or to hold out to third parties, that it has such authority.
12. For purposes of this Agreement, all official communications and notices among the parties shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, to the addresses set forth below:

CITY:

Mayor Mark Bricker
City of Bay City
1901 5th Street
Bay City, Texas 77414

RECIPIENT:

Mitch Thames
Bay City Chamber of Commerce and Agriculture
P.O. Box 768
Bay City, TX 77404-0768

Notices of changes of address by either party must be made in writing delivered to the other party's last known address within five (5) business days of the change.

14. If any provision of this Agreement is for any reason held to be unconstitutional, void, or invalid, the remaining provisions or sections contained herein shall remain in effect and the section so held shall be reformed to reflect the intent of the parties.
15. The signer of this Agreement for Recipient represents, warrants, assures and guarantees that the he or she has full legal authority to execute this Agreement on behalf of Recipient and to bind Recipient to all of the terms, conditions, provisions and obligations herein contained.

Signature page to follow:

Contract Number: _____

IN WITNESS OF WHICH this Agreement has been executed on this 26th day of September, 2013.

CITY OF BAY CITY

AGENCY

By: _____

By: _____



Approved as to Form: _____
Assistant City Attorney

Attachment I: Scope of Work

Attachment: R-2013-37 (2954 : BC Chamber of Commerce Future Agreements)

Contract Number: _____

Attachment I

Scope of Work:

Recipient agrees to abide by the following provisions and provide the following services:

Recipient will utilize funds for funding the operation and running of the Bay City Civic Center in accordance with the Texas Tax Code Chapter 351.

Term: Upon Agreement execution – September 30, 2014

Consideration:

\$48,000 Dollar amount to be expended as funding for the operation of the Bay City Civic Center in accordance with the Texas Tax Code Chapter 351.

Attachment: R-2013-37 (2954 : BC Chamber of Commerce Future Agreements)